



VEi

Dutch Water Operators

Sustainable Water and Sanitation Services for All

Address: Reactorweg 47 | 3542 AD Utrecht | The Netherlands | www.vei.nl



VEI ANNUAL REPORT 2020

 **VEi**
Dutch Water Operators



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VEI helps people living in poverty to access sustainable water services

Tanzania — Discussion regarding the location of a future water treatment plant in Mwanza with specialists from MWAUWASA and VEI. It is part of the pre-feasibility study that has been developed under the WaterWorX program.

VEI organises the solidarity between water operators



◀ The picture on the cover shows the installation of air valves in the pumping main in progress during an extension project within the Water Operator Partnership with Southern Region Water Board in Namadidi area, Zomba, Malawi.

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VEI EMERGING STRONGER FROM THE COVID-19 CRISIS



365.000 people
were helped by VEI in 2020 with
access to sustainable water
services delivery

2020 has been a turbulent year. In this annual report, we look back at how we managed this pandemic and the positives we can take into 2021.

As we celebrated the new year in January 2020, VEI had just closed the most successful year in its history, helping a record number of people with sustainable water services, and bringing the levels of peer support to new heights. Looking forward to 2020 would have indicated more of the same. And until mid-March, VEI was living up to that expectation engaging utility staff, making impact, and exceeding obligations of external financiers. However, as we now know, any prediction of business as usual should never be taken for granted.

LOOKING BACK AT 2020

Looking back at 2020, the impact from COVID-19 on VEI and his partners cannot be understated. However, it has also been inspiring to see that even in the face of such adversity, everyone in and around VEI demonstrated its adaptability, positivity and resilience to a level beyond what anyone might have predicted. The complete stop with the outbreak on international mobility and the uncertainty about health and safety urged VEI to quickly find an appropriate response. Key during the emerging crisis was to understand the crisis firstly as a health risk for our staff worldwide, and to take immediate repatriation measures in response. As the pandemic morphed from what first seemed to be a short-term problem into a long-term worldwide issue, it quickly became apparent that local as well digital solutions were going to be key to ensure the relevancy of VEI in helping people with sustainable water services.

To meet this need, we experienced how nimble we and our partners could be to achieve our mission in new ways. We are proud to have made a significant turning point where technology and locally present teams has shifted to become essential. By forcing technical assistance to take a literal step back from physical interaction, the pandemic brought digital interactivity to the fore. As well as creating new expectations around digital accessibility, this shift has accelerated long-term trends and fast-forwarded VEI into a new era of connected digital and physical experiences.

We have also been working hard to maintain our warm relations with our partner water operators and our co-financiers, whom showed tremendous support, understanding and flexibility. In this regard, I want to highlight the key role of the Dutch foundation Water for Life. Water for Life receives voluntary financial contributions of more

than 42,000 Dutch water consumers and entrusts us to make an impact with these funds. We find that very special and a great responsibility. Also illustrative of our enduring support from partners is the new partnership between PWN and VEI indicating the attractiveness of VEI to give content to international corporate social responsibility for the Dutch water operators. With this new partnership, VEI is now able to share the expertise of in total seven Dutch partners - Vitens, Evides Waterbedrijf, WML, Waterbedrijf Groningen, Brabant Water, WLN and PWN – with colleague water operators around the world. These seven Dutch water partners of VEI, with a joint workforce of almost 4,000 employees and water supply for 14 million people in the Netherlands, have extensive and lasting experience that is worth sharing.

Alongside adapting to the restrictions of the COVID-19 pandemic, 2020 has well and truly been an opportunity for VEI to reflect on its strategic course and was, with the formulation of the new strategic agenda, a catalyst for continued success as we enter 2021. Our newly formulated strategic course continues the path of the last years, putting more emphasis on aspects as the direct and indirect impact of our work on peer water operators, climate consciousness, diversity, and increased quality of peer support between water operators.

While the unforeseen developments that shaped 2020 cannot be understated, it is important to focus on the positives. It has been great to work with a growing network of water operators, financiers, and other partners in 2020 to achieve our joint mission to bring water to people. Together we delivered practical impact that is greater than the sum of its parts. Thanks to the resilience and commitment of everyone within and around VEI, we managed to exceed our ambitions even in this troublesome COVID-19 year. Every year VEI is targeting a higher number of people to help access sustainable water services. In the top year 2019, VEI helped 352,000 people. Now, in this year 2020 stricken by the COVID-19 pandemic, we are very proud to report that VEI succeeded, through a joint effort of all partners, staff, financiers, and water operators, to help **365,000 people** from Africa, Asia, and Latin America to access sustainable water services delivery. If we translate this, it means that every day in 2020, we helped 1,000 people with drinking water and/or sanitation, it becomes even more impressive.

VEI IN 2021

Going into 2021, we are optimistic. Although there is still some uncertainty on the horizon, there is also plenty of opportunity. As well as pandemic restrictions easing and a gradual return to normality, we are also looking forward to the prolonged impact of some of the more positive trends this year has catalyzed. From the use of digital technology to higher relevance of sustained water services, we are confident that this year's challenges will make VEI even stronger and more relevant. Both now and in the future, our core message is straightforward – universal sustainable water services are more robust than ever, and peer support will continue to grow relevancy.

With pride, I introduce this 2020 annual report to you, sharing all data and results of VEI over the year 2020. Thanks to the resilience and commitment of all, VEI is worldwide leading in terms of scale and quality with respect to organizing peer support between water operators. I wish you a lot of reading pleasure, and please while reading it, take at heart that your continued support is essential in making the dream come true of universal sustainable water services for all.

Dr. Marco A.C. Schouten
CEO VEI
The Netherlands

THIS IS VEI

VEI implements peer supported partnerships between water operators worldwide, aiming to share knowledge and skills to make the utilities stronger, healthier, and more resilient. We believe that everybody in the world deserves proper, adequate, and sustainable water services delivery. Standing side by side as water operators, being able to make a practical difference in the lives of so many is what makes us tick and what gives meaning to VEI.

VEI builds the capacity of a utility that demands for assistance or guidance through facilitating peer-to-peer exchange of skills, knowledge and goodwill. Established in 2004 by Dutch water operators, VEI has developed into an effective organization active in 18 countries worldwide, capacitating employees from water utilities, and helping people from low-income areas in Africa, Asia and South America with access to improved water services.



VEI Annual Report in Numbers

RESULTS 2020

WORLDWIDE ALMOST 1 BILLION PEOPLE STILL LACK ACCESS TO WATER AND/OR SANITATION

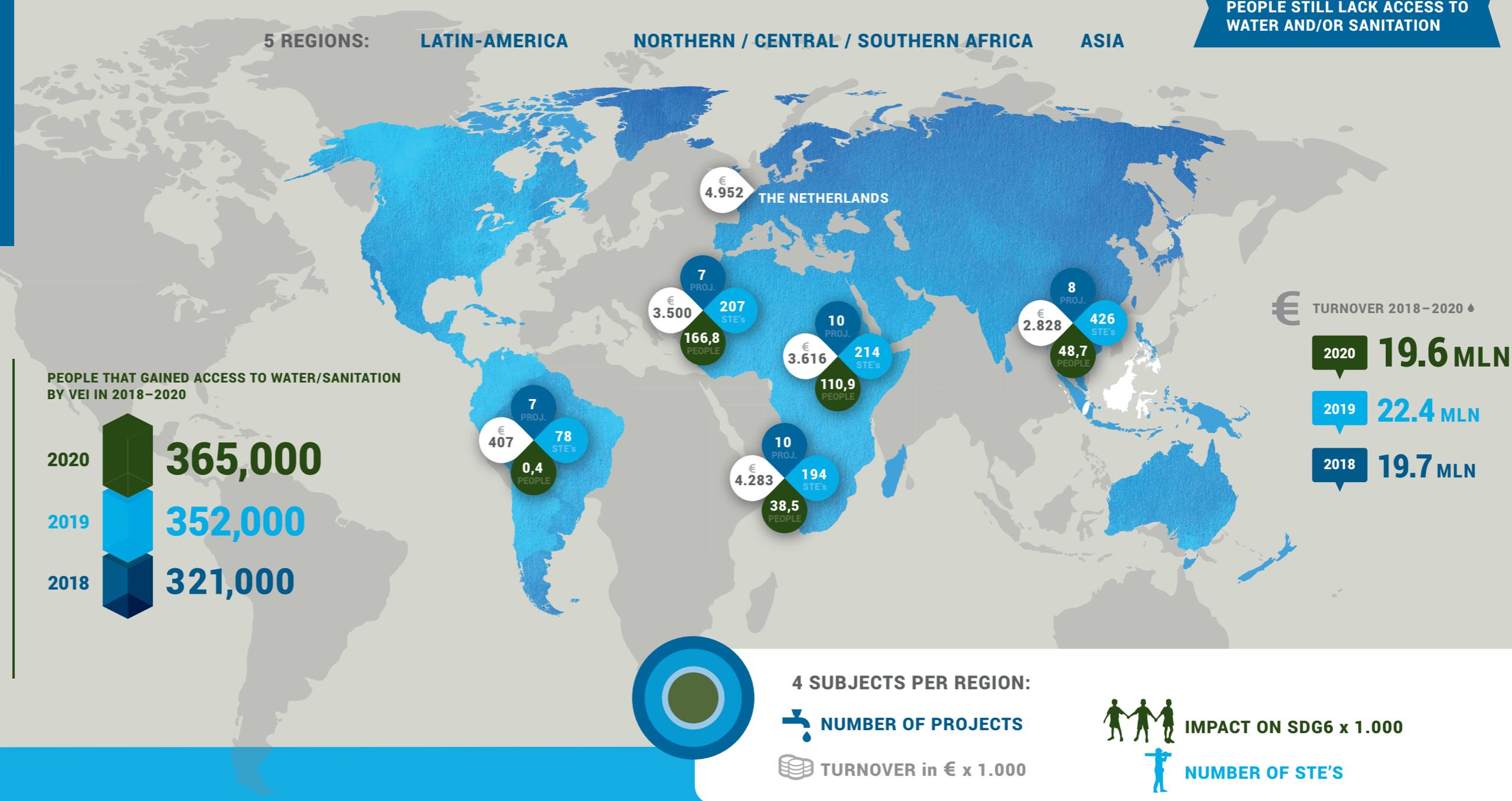
5 REGIONS: LATIN-AMERICA NORTHERN / CENTRAL / SOUTHERN AFRICA ASIA



INFOGRAPHIC VEI IN NUMBERS 2020

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

PEOPLE THAT GAINED ACCESS TO WATER/SANITATION BY VEI IN 2018-2020



4 SUBJECTS PER REGION:

- NUMBER OF PROJECTS
- TURNOVER in € x 1.000
- IMPACT ON SDG6 x 1.000
- NUMBER OF STE'S



DIRECTOR'S REPORT



FROM AND FOR WATER OPERATORS

QUALITY IN PEER SOLIDARITY

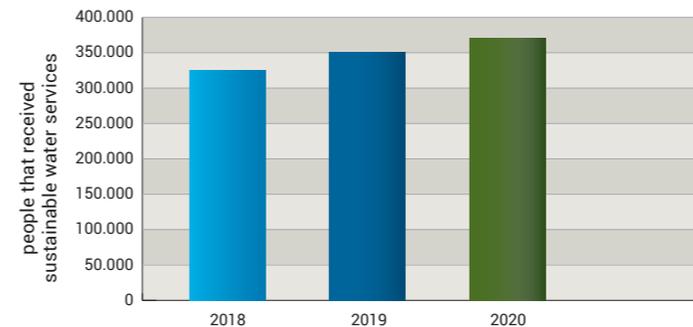
As well as serious implications for people's health, the COVID-19 pandemic has significantly impacted VEI in 2020. With the repetitive message of the importance of handwashing and hygiene, the health crisis underlined the relevancy of our work towards universal sustainable water services. We experienced this higher relevancy in our daily work, as we received many requests from both partner utilities and external donors for additional assistance. Yet, the COVID-19 pandemic complicated the practical execution of our work.

Much of our work occurs in low-income communities around the world. VEI acts at all times with an awareness of our responsibility not to increase risks for the communities, our partner water utilities that we work with, and our own staff. This implies unfortunately, that our work and operations were being delayed due to COVID-19 pandemic, either due to decisions to protect

◀ Photo: Bangladesh – VEI project manager Boudewijn gives an explanation to mechanics in the training center.

our staff, partners and beneficiaries, or as a knock-on impact from other delays. These delays may arise as a result of actions by our suppliers, contractors and other partners, or decisions taken by national authorities regarding travel or public gatherings.

VEI's mission is to continuously strive to make a bigger mark guided by the globally set Sustainable Development Goals (SDGs). The sixth SDG sets the target for the world community to achieve universal sustainable water services for all. With still approximately 1 billion people lacking sustainable water services, and 2.5 billion people lacking proper sanitation, that is an ambitious goal. Especially given trends as population growth, urbanization, pollution and climate changes, which all complicate to achieve this ambition. Since 2015, VEI has been able each year to increase its impact, and – despite the challenged due to the COVID-19 pandemic – VEI succeeded also in the year 2020 to increase its impact. In 2020, VEI has been able to help 365,000 people from Africa, Asia, or Latin America to sustainable water services. Compared to the year 2019, VEI exceeded its impact with 4%, continuing the trend that started in 2015 of continuous improvement (see graph).



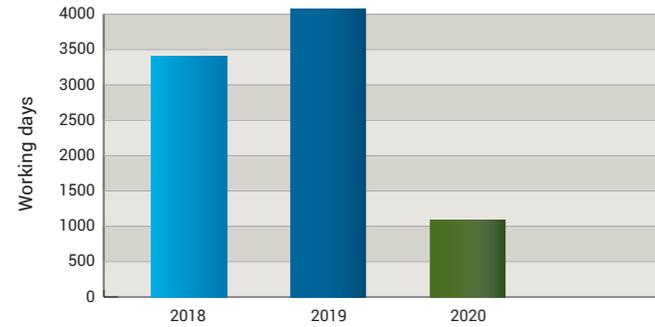
VEI Dutch partner water operators

PEER-TO-PEER SUPPORT ...



The support from our shareholders and associated Dutch partners is fundamental for our work. Over the last years, the support that VEI receives from partners has increased steadily; and we are happy to note that also in this COVID-19 year the support from our partners grew further. VEI B.V., started in 2004, is a limited company acting as a joint venture of the two Dutch water companies Vitens N.V. and Evides N.V.. Over the years, several peer water operators have joined. In 2009, the water operator from Limburg (WML) joined VEI; and more recently also the water operators from Brabant (Brabant Water), from Groningen (Waterbedrijf Groningen) and the water laboratory for the Northern part of the Netherlands (WLN) have joined VEI as partners. Also, during 2020, we successfully set up a new partnership with the water operator for North Holland (PWN), which is an indication of our relevancy to the Dutch water operators.

People that received sustainable water services by VEI



VEI's automation is outsourced via a Service Level Agreement with the parent company Vitens N.V.. External audits are applicable for some projects for which the donor this requires.

VEI has an explicit mission to contribute to the reputation of water operators to be attractive employers. The Dutch water operators inhibit a unique source of knowledge and expertise as best practice water operators. An important indicator for VEI is the number of days that are spent by partner Dutch water operators' staff in peer support. Over the last years we have been successful in increasing that engagement every year, with the exception of 2020. In 2020, the total number of working days that staff of partner Dutch water operators spent on short-term assignments for VEI dropped to about 1.100 working days, which is only a quarter of what was targeted for. Most of these days were realized in the first 2 months before the COVID-19 pandemic broke out. Still about 600 working days were realized during the COVID-19 crisis in which Dutch experts were giving remote digital technical support to their peers abroad. This innovative way of giving support will surely maintain post-Corona given its complementarity to physical technical support, its' low costs and low carbon footprint.

Working days from staff of dutch water operators on short-term assignments for VEI

Staff of VEI was confronted with all practical challenges that the COVID-19 pandemic presented in terms of reduced mobility, new sets of health regulations, and new ways of interacting. Staff can be subdivided into staff at the headquarters in Utrecht; project staff based at the project locations around the world, and the staff of Dutch water operators that are assigned to VEI for short-term assignments. At headquarters in Utrecht, VEI employs 19.2 full time equivalent, which is a combination of management, secretariat, communications, finance & control, and HR. This number of staff has remained stable over the last 5 years. The largest number of staff is employed on project basis spread over 18 countries in Africa, Asia, and Latin America. In 2020, for the first time a comprehensive inventory was conducted of all the people that work for VEI abroad on our projects. These staff are temporarily associated with project execution, paid through project funds, and work on the direct responsibility of the VEI project manager in the field. This diverse group of people including young persons contracted through the Young Expert Programme, employees of the local drinking water company, employees hired through payroll companies, and expatriate employees seconded from the Dutch water operators. From the comprehensive inventory, we found that the total number is fluctuating depending on project activities and portfolio changes but it was estimated at approximately 140 persons engaged dedicated to VEI projects.

Bangladesh – In the training center built by VEI, District Meter Area managers receive training with the correlator to detect leaks in the pipe network.



Financially we are convinced that our organization is sufficiently strong and flexible to withstand the COVID-19 crisis. VEI is doing well: no external financing is needed; activities can be financed with own resources. Turnover has been affected, due to the COVID-19 crisis in 2020 with approximately 2% to our budgeted turnover (see graph). VEI has registered in 2020 a positive result (after tax) of € 82,000. The positive result over 2020 will be added to the own reserves and has no further consequences. Our solvency, expressed as shareholders' equity in relation to the balance sheet total, was 14% (compared to 13% in the previous year). The company's liquidity, expressed as current assets relative to current liabilities, was 1.21 (compared to 1.19 in the previous year). Finally, no unforeseen items of extraordinary expenditure had to be accounted for in relation to 2020 or influenced the future expectations.

LOOKING FORWARD TO 2021

It is difficult to predict how big the effects of the Covid-19 pandemic will be ultimately, and when the mitigation measurements are (partially) lifted during 2021. Yet, our ambition for 2021 is to help a total of 661,000 people in Africa, Asia and Latin America to sustainable water services. In this respect, it is key for VEI to succeed in integrating both the direct as well as the indirect impact of its support in its reporting and monitoring systems. Also relevant in this regard is that the first phase of our flagship program WaterWorX ends in 2021. Important for VEI is to successfully complete this first phase and assure a smooth transition to the second phase of the program which has a window towards 2030. Next, a

thriving Water for Life foundation is important for VEI, as such secures that sufficient funds remain available for infrastructure to help people connect to sustainable water and/or sanitation. The foundation Water for Life raises funds under the Dutch water customers; and VEI sponsors for the Water for Life the secretarial activities.

In 2021, we will further evolve our activities to be able to anticipate the COVID19 uncertainties, providing innovative forms of peer support to stay resilient and to meet the demand of our partner water companies. This innovation can be by further intensifying the possibilities to give remote support and by organizing support from nearby peer water operators. In 2021, we aim to engage more staff on short-term missions and increase the number of days of peer support. We do this, among other things, by investing further in the digitization of the process. In addition, we will continue the training program to better prepare peer experts for a successful completion of their short-term assignments. In 2021, we have updated our exclusive country list by giving it further focus, bringing the number of countries where we work down from 20 to 18 countries.

With respect to organizational facets of VEI, we want to introduce new elements in 2021, such as explicit attention to our carbon footprint and an inclusive personnel policy. Elements that remain a constant point of attention are our focus to integrity, risk prevention and compliance. This concerns our company culture, the control of overhead costs, digitization and continuous improvement of our business processes.



Bangladesh – VEI organizes a meeting in the Sagorika shanti, where VEI is building a new water network. Together with a group of residents, we draw attention to the timely payment of the water bill and we protest against illegal connections. ►

RISK MANAGEMENT



IN 2020

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

Tanzania — Discussion regarding real-time leakage data from the field in GIS dashboard in Mwanza Water and Sanitation Authority.

Risk inventory and risk management are important topics at VEI. By the nature of our international work, VEI is exposed to a variety of risks, such as recently the COVID-19 pandemic. Continuously, VEI is preventing and mitigating these risks, thus, VEI keeps risks as limited as possible. The main categories are: risks related to health and safety; operational risks including fraud and corruption, and financial risks.

In general, choices related to contract types and project sites are key elements in managing the risk profile of the commitments we enter. Selection of contracts and project sites is conducted through a criterion-based filtering process weighing impact, financial risks, operational risks, and risks related to employees' occupational health and safety. A prime condition to weigh our possible involvement is that there must be a reasonable expectation that our efforts will have a sustainable and

lasting impact. The motivation of our foreign partner water company (and its management) is an important indicator in respect of this condition. Other considerations relate to the safety situation of the project site, such as indicated by the presence of other international organizations, travel infrastructure and accommodation facilities and advice provided by our partner Control Risks. Control Risks is an independent, global risk consultancy specializing in helping organizations manage political, integrity and security risks in complex and hostile environments. VEI explicitly condemns (and refuses to participate in) all forms of fraud and corruption. The presence of VEI in a country in no way indicates VEI's support of a local government's policy or an endorsement of its governance quality. With respect to the type of contract, VEI's policy is not to take a financial interest in local entities, but merely to act in a supporting role giving technical assistance.

Zimbabwe — Local Young Expert Victor Shana supervising the replacement of a pressure reduction valve, one of the most effective ways to reduce leakage and prevent bursts in Harare.



HEALTH AND SAFETY RISK

Impact on the results and / or financial position: limited

The health and safety of international project staff and staff assigned for short-term assignment is the main risk to which VEI is exposed. Even though this group mainly fulfils an advisory role, many of them are also involved in the operations of the partner water operators. The health and safety risks mainly apply to international travel, local transportation (accidents, material damage), illness (nutrition, malaria, infectious diseases, recent COVID-19 pandemic developments), safety on the streets (theft), incidents (natural disasters, terrorism), and 'occupational health'.

Cases of personal injury resulting from accidents or incidents causes in the first-place personal hardship and inconvenience. But it also has a negative effect on the image of VEI and its partners, particularly if such situations are not handled professionally and effectively. If this situation continues for a prolonged period, it may lead to delays in the implementation of the projects in question. The recent COVID-19 pandemic shows that VEI is taking its responsibility seriously and is pro-actively taking actions to avoid any risk of spreading the virus. In response to the COVID-19 crisis, VEI immediately established an effective emergency structure to align responses jointly with stakeholders such as donors and partners. VEI postponed since the outbreak of the COVID-19 pandemic in March 2020, all short-term experts' missions and has repatriated the expatriate staff members.

Among other measures, VEI implements the following controls to minimise the risk associated with health and safety:

- The VEI staff (project based staff and short-term experts) receive preventive information on the political, security and health situations in the countries where we are present.
- A Travel Handbook ('Veilig op Reis'), which contains instructions on behaviour and assistance relating to health and safety.
- Compulsory chauffeurs for short-term experts.
- A crisis management organization has been set up and annual crisis management trainings are organised.
- A 'Duty of Care' policy clarifying the obligations of the employer and employee, which the short-term expert must sign to indicate that he/she is aware of all the available information and has read the relevant instructions before being issued a ticket.
- VEI cooperates with the organization Control Risk (crisis management) and International SOS (health) in order to optimally inform and prepare employees and, if necessary, provide guidance in the area of health and safety.

Bangladesh – Dhaka WASA plumbers are repairing a valve, 2020.





- ◀ Kenya — NAWASSCO and VEI through the WaterworX Water Operator Partnership in Nakuru, equip operators of water kiosks in Low-Income Areas with pre-paid water dispenser systems to assure payment of the water bills and fair sales to the population.

OPERATIONAL RISK

Impact on the results and / or financial position: limited

The operational risks relate to the quality and effectiveness of the project effort, issue management (water quality, reliability), political risks (human rights, corruption, reputation), and employee conduct (professionalism). This includes the risk of any form of fraud and corruption not only caused by own personnel but also partners and hired staff. These operational risks can affect the reputation of VEI and partners. Furthermore, risk of fraud and corruption can lead to financial losses, sanctions, and fines. In general, VEI projects are partnerships which are entered into by both parties on a voluntary basis, or contracts that are awarded after a tender procedure. Neither poor performance nor bad publicity serves the interests of either of the parties and a critical selection process minimises the likelihood of occurrences of this nature. VEI learned from experience that, when confronted by disappointing (initial) results, the first reaction of both partners is to look for ways of improving those results. During VEI's involvement in international collaborative projects during the past 10 years, there has not been a single case of premature termination of a collaborative relationship without mutual consent.

VEI implements the following controls in order to minimise operational risk:

- Contract selection, a set of criteria is used such as country, contribution to the VEI mission, and project partners.
- Limitation in countries where projects are being operated.
- Selection of partners/alliances.
- Use of the KPI (Key Performance Indicator) dashboard, financial reporting, and performance reporting in the context of result accountability in respect of all stakeholders.
- A standardised Financial Planning & Control cycle.
- The communication protocol, which defines an approach and core message for each target audience.
- A mandatory "code of conduct" for VEI staff, including procurement procedures. No violations of the code of conduct have been noted in 2020. The code of conduct can be consulted on our website.
- All VEI projects are regularly submitted to internal and independent external audits, in many cases including a market conformity checks on hardware investments.

STRATEGIC RISK

Impact on the results and / or financial position: limited

The activities of VEI are sponsored through the contributions and efforts of the Dutch water operator partners, the foundation Water for Life, available funds from the Ministry of Foreign Affairs and other (inter)national donors. VEI is constantly looking for new cooperation and partnerships for other externally funded projects.

VEI implements the following control measures to minimize strategic risk:

- Internal and external monitoring of each of VEI's programs and projects to ensure that project objectives are met, and program continuation is secured.
- Continuous search for new externally financed projects and project partners.
- Collaboration with partner organization Control Risks to identify strategic risks and to take appropriate measures.

LAWS AND REGULATIONS

Impact on the results and / or financial position: limited

Because VEI employees often work abroad for a short or longer period, VEI has to deal with foreign legislation, for example in the area of work visas, wage tax but also procurement guidelines for local investments.



Zimbabwe – Local knowledge exchange from a plumber in Harare explaining to the technical team in Mutare how to set and maintain a pressure reduction valve. This will reduce the high occurring pressures in the mountainous area of Mutare.

ZAMBIA – COMMISSIONING OF WORKS

In this picture: Chipata compound was previously serviced through a kiosk system and was considered ready to transition to house connections. While constructing and commissioning the new infrastructure, a significant amount of illegal connections were discovered that were constructed as off-takes from the supply lines to the kiosks. This does illustrate the wish of customers to transition to house connections and the need for organizational change (strengthening operational management) as part of VEI's technical assistance. In the picture we see the minister for Water (central), the contractor (right) and the water utility (left) during a site visit to Chipata compound, accompanied by a journalist.



FINANCIAL RISK

Impact on the results and / or financial position: limited

VEI is a project-based organization and the associated financial risk is therefore typically related to individual projects. Examples of the financial risk for VEI are risks associated with penalty clauses, bonus/malus agreements in performance dependent projects, repayment of subsidies, debt-risks, liability for health damage or other damages and the risk of payment default on the part of the donor. In the event of early termination of the project, there may be financial consequences in that a solution must be found for the permanent staff returning to the parent company or partner company from abroad, or an outplacement procedure has to be initiated. Based on the assumption that not all projects will end at the same time and that new projects will arise, or existing projects will be renewed, this risk is concerned to be limited.

VEI implements the following control measures to minimise financial risk:

- Optimisation of the administrative / Finance & Control systems and procedures.
- Registration / preparation of VEI contracts with realistic performance targets and a good balance between fixed and variable rewards and bonus/malus arrangements.

- Demanding project finance payment in advance.
- A standard cooperation agreement with Royal Haskoning DHV, a leading firm of consulting engineers, which focuses on clearly defining liability.
- Restraint with regard to entering into long-term commitments in relation to rent, vehicles, etc.
- Not participating or taking any financial position in local water operating partners.
- Externally recruited personnel, who mainly work as self-employed contractors or based on fixed-term contracts (duration is based on the contract period).

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

Utrecht, 7 May 2021
Dr. Marco A.C. Schouten
 CEO VEI

Tanzania – VEI presenting at the Innovation booth during the National Water Conference 2020.



Consolidated cash flow statement for the year ended 31 December 2020

(x EUR 1,000)

CASH FLOW FROM OPERATING ACTIVITIES		2020	2019
Operating profit	Note	103	47
Adjustments for:			
Movement in provisions	5.	-73	-143
		30	-96
Movements in working capital:			
Receivables	2.	1,119	-287
Construction contracts	1. & 6.	-472	2,340
Current liabilities	7.	-956	1,137
		-309	3,190
Cash generated from operations		-279	3,094
Financial expenses	12.	-5	-5
Corporate income tax paid	13.	-2	-10
		-7	-15
Net cash generated from operating activities		-286	3,079
The movement in cash at banks and in hand can be broken down as follows:			
Balance as at 1 January		8,499	5,420
Movements during the financial year		-286	3,079
Balance as at 31 December		8,213	8,499

Notes to the balance sheet and income statement



1. GENERAL NOTES

1.1 Activities

VEI B.V. is a joint venture of Vitens N.V. and Evides N.V.. VEI B.V. receives contributions from its shareholders and other donors in the context of development aid. It uses these contributions to finance its activities in the area of management support for water companies in developing countries. An own contribution is incorporated within a majority of the project contracts of VEI. This own contribution is sourced through the participating Dutch water companies, legitimized by the 1% CSR contribution of the Dutch drinking water law.

1.2 Registered office and number at chamber of commerce

VEI B.V. registered office is located at the Reactorweg 47, 3542 AD, Utrecht, the Netherlands. Registered at the Chamber of Commerce under number 634832.

1.3 Group structure

VEI B.V. consists of one legal entity. VEI B.V. is no part of a larger group.

1.4 Changes in accounting policies

There are no changes in accounting policies compared to previous year.

1.5 Changes in accounting estimates

There are no changes in accounting estimates have been made.

1.6 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced, are considered to be a related

party. Entities which can exercise control over the Company are also considered to be a related party. In addition, statutory directors, other key management of VEI B.V. or the ultimate parent companies and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is necessary in order to provide the required insight.

1.7 Estimates

Preparing annual financial statements involves the use of assumptions, judgment and estimates based on historical experience and factors that are acceptable in the management's opinion given specific circumstances. Such judgment and estimates (including relevant assumptions) affect the valuation and presentation of the assets and liabilities reported and also the result for the year. Actual results may differ from these estimates and assumptions applied. The nature of these estimates and this judgment, including relevant assumptions, are disclosed in the notes to the financial statement.

1.8 Accounting policies for the cash flow statement

The cash flow statement has been prepared on the basis of indirect method. Items disclosed in the cash flow statement comprise the cash and cash equivalents. Cash flows in foreign currency are translated at an estimated average exchange rate. Inflow or outflow of cash related to interest is included in the cash flow from operating activities. Cash flows from investment and financing activities are not applicable.

2. GENERAL ACCOUNTING POLICIES

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year. Also the comparative figures for the financial year 2019 have not changed.

2.3 Operational Leasing

VEI B.V. has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

2.4 Foreign currency

2.4.1 Functional currency

The items in the financial statements are measured using the currency of the primary economic environment in which the company is based (the functional currency).

The financial statements are presented in euro, which is the functional and presentation currency of VEI B.V.

2.4.2 Translation of foreign currency

Transactions entered into by the company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the translation of unsettled assets and liabilities are recognized in the company income statement.

3. ACCOUNTING POLICIES FOR THE BALANCE SHEET

3.1 Construction contracts

The item construction contracting by third parties consists of the balance of project costs and invoiced installments and if applicable allocated profit or recognized loss. Construction contracts by third parties are presented separately in the balance sheet under current assets. If a credit balance is shown, it is presented under the current liabilities. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of sales.

3.2 Receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

4. ACCOUNTING POLICIES FOR THE INCOME STATEMENT

4.1 General

The result is determined as the difference between the realizable value of goods/services delivered and costs and other expenses over the year. Income from transactions is recognized in the year in which it is realized. The project result is determined as the difference between project income and project costs. Project income is the contractually agreed income and income from supplemental and additional work, claims and fees, if and to the extent likely to be realized and able to be reliably determined. Project costs are costs relating directly to the project, which are generally allocated to project activities and can be apportioned to the project, and other costs that can be contractually allocated to the client. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of sales.

4.2 Net turnover

Net turnover consists of contributions of the Dutch water companies and subsidies received. Income is allocated to the relevant period. Subsidies are recognized as income in the income statement in the year in which the subsidized costs were incurred, or income was lost, or in which a subsidized operating deficit arose. Income is recognized if it is likely to be received.

4.3 Contract revenue and costs

When the outcome of a contract can be reliably estimated, contract revenue and costs are recognized as revenue and costs in the income statement under the percentage-of-completion method. The stage of completion is measured by reference to the contract costs

3.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

3.4 Provisions

Provisions are recognized for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise. If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

3.5 Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized as revenue in the income statement only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognized as expenses in the period in which they were incurred. When the outcome of a contract can be estimated reliably, revenue is recognized using the percentage-of completion method by reference to the services provided up to the balance sheet date.

4.4 Cost of operations

Cost of (project) operations is defined as direct and indirect costs that can be allocated to the projects, which includes costs of raw materials and production supplies, costs of work contracted out and other external costs, personnel costs and other operating expenses that can be allocated to cost of sales.

4.5 General and administrative expenses

General and administrative expenses are defined as those costs chargeable to the year that are not directly attributable to cost of goods and services sold. In the case of VEI B.V., these costs are related to support departments and cannot be attributed to the cost of (project) operations. The general and administrative expenses also consist the costs of own employees of VEI B.V.

4.6 Employee cost (employee benefits)

4.6.1 General

Employee costs (wages, salaries, social security contributions, etc.) are not presented as a separate item in the income statement. These costs are included in other components of the income statement, i.e. general and administrative expenses. For a specification, reference is made to the relevant note.

4.6.2 Short-term employee cost

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

4.6.3 Pensions

VEI B.V. applies the liability approach for all pension schemes. The pension fund ABP is unable to provide the information which is necessary for the defined benefit plans which is actually the pension plan is what VEI B.V. has. Therefore, the defined benefit plan is treated as a defined contribution plan and the pension premiums owed for the financial year are entered as pension costs in the income statement. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. There are no other obligations in addition to the premiums paid, so no provision is included.

The coverage ratio of ABP was 93.2% at 31 December 2020 (31 December 2019: 95.8%). Due to the current financial situation, ABP is unable to increase the pensions in 2020 to. A reduction of the pensions in 2021 is no issue either.

4.7 Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, recognized transaction expenses for loans received are taken into consideration.

4.8 Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they are realized, unless hedge accounting is applied.

4.9 Corporate income tax

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

5. FINANCIAL RISKS AND RISK MANAGEMENT

VEI B.V. is exposed to the following financial risks, which are explained below:

5.1 Market risk

5.1.1 Price risk

The company deems the price risk related to items in the financial statements to be limited. This is mainly caused by the type of contract which enables VEI B.V. to pass such effects on to donor parties.

Eligibility of project cost

The company is involved in various projects for which audits are performed in order to check eligibility of project cost incurred. For some projects, audits are performed on a yearly basis, for others an audit is performed in case a new installment is requested and for some projects audits are performed at the end of the project. For the latter ones, for those projects where the

subsidy funder may perform an audit after closing the project and for long-term projects, the company risks that, as a result of an audit, costs do not meet the conditions of the grant and can therefore not be claimed.

5.1.2 Currency risk

This is the risk that the value of a financial instrument will change due to fluctuations in the currency exchange rates. The company uses the euro as its functional currency. Exchange differences are calculated on a per-transaction basis and credited/charged to the income statement. For benefit of the projects, bank accounts abroad are held in foreign currencies to facilitate payments in foreign currencies. VEI B.V. is exposed to currency risk because of its projects in financially unstable countries and transactions in foreign currencies. Based on a risk assessment, the company does not use any forward currency contracts.

5.1.3 Interest rate and cash flow risk

No measures have been taken to mitigate interest rate risk. The company has no interest-bearing debts.

5.2 Credit risk

The company is exposed to risk in relation to valuation of receivables. The company manages this risk by assessing the recoverability of outstanding receivables periodically and takes adequate measures where necessary.

5.3 Liquidity risk

Cash and cash equivalents are at free disposal of the company. Many of the company's projects are financed on basis of pre-financing by financiers/donors.

Notes to the balance sheet

(x EUR 1,000)

1. CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise the balance of project costs and invoiced instalments and if applicable allocated profit or recognized loss. Construction contracts are presented separately in

the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities.

	31/12/2020			31/12/2019		
	Invoiced Instalments	Project cost	Balance	Invoiced Instalments	Project cost	Balance
Africa	11,677	12,729	1,052	6,717	7,269	552
Asia	3,224	3,802	578	2,659	2,710	51
South America	24	27	3	919	1,006	87
WaterWorX (VEI)	-	-	-	9,423	9,982	559
WaterWorX (Consortium)	-	-	-	-	-	-
Total	14,925	16,558	1,633	19,718	20,967	1,249

(x EUR 1,000)

2. RECEIVABLES

All receivables have a remaining term of less than one year. The net present value of the receivables approximates the book value, due to their short-term nature and the fact that provisions for bad debt have been created where necessary. For 2020 no provision for doubtful receivables was deducted on the receivables (2019: no deduction).

The receivable relating to Taxes and social security charges amounts to € 304,000 (2019: 400,000) relates to VAT.

There is no current account agreement with Water for Life and no interest is being charged.

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

- Advances to personnel and projects
- Other receivables and Prepaid costs
- Current account Water for Life
- Credit notes to be received



(x EUR 1,000)

(x EUR 1,000)

3. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are at the free disposal of the company.

4. SHAREHOLDERS' EQUITY

	31/12/2020	31/12/2019
Paid-up and called share capital	36	36
Other reserves	1,547	1,513
Undistributed result	82	34
Total	1,665	1,583

The authorized share capital amounts to € 90,000 consisting of 1,800 shares with a nominal value of € 50 per share. At the year ended 31 December 2020 720 shares

were issued and paid up. In 2020 no shares were issued. The movement in shareholders' equity is presented in the table on the following page.

	Paid-up and called share capital	Other reserves	Undistributed result	Total
2020:				
Balance as at 1 January 2020	36	1,513	34	1,583
Movements				
Appropriation of the result of previous financial year	-	34	-34	-
Distribution of dividend	-	-	-	-
Result for financial year	-	-	82	82
Balance as at 31 December 2020	36	1,547	82	1,665
2019:				
Balance as at 1 January 2019	36	1,539	-26	1,549
Movements				
Appropriation of the result of previous financial year	-	-26	26	-
Distribution of dividend	-	-	-	-
Result for financial year	-	-	34	34
Balance as at 31 December 2019	36	1,513	34	1,583

Proposed appropriation of result

Based on article 18 of the articles of association, the board of directors proposes to appropriate the result of 2020 as follows: to add an amount of € 82,000 to the other reserves.

(x EUR 1,000)

(x EUR 1,000)

5. PROVISIONS

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

	Other provisions
Balance as at 1 January 2020	417
Movements	
Additions	296
Release	-129
Utilisation	-240
Balance as at 31 December 2020	344

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



6. CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise the balance of project costs and invoiced installments and if applicable allocated profit or recognized loss. Construction contracts are presented separately in

the balance sheet under current assets. The construction contracts with a credit balance are presented under current liabilities.

	31/12/2020			31/12/2019		
	Invoiced Instalments	Project cost	Balance	Invoiced Instalments	Project cost	Balance
Africa	8,780	5,917	2,863	13,111	9,350	3,761
Asia	3,089	2,630	459	2,948	2,515	433
South America	-	-	-	-	-	-
WaterWorX (Consortium)	8,900	8,880	20	8,690	8,681	9
WaterWorX (VEI)	17,043	16,546	497			
Water for Life	2,594	772	1,822	3,081	1,562	1,519
Other	149	90	59	159	73	86
Total	40,555	34,835	5,720	27,989	22,181	5,808

(x EUR 1,000)

(x EUR 1,000)

7. TAXES, SOCIAL SECURITY CHARGES AND OTHER CURRENT LIABILITIES

The taxes and social security charges consist of the following categories:

Corporate income tax can be broken down as follows:

	2020	2019
Payable as at 1 January	2	4
Payable for financial year	8	8
Total	10	12
Paid in financial year	2	10
Payable as at 31 December	8	2



There is no contract for the current account with Water for Life and no interest is being charged. The other current liabilities consists of the following categories:



All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

The other payables consist of expenses to be paid € 2,115,000 (2019: € 3,086,000) and payroll related liabilities € 251,000 (2019: € 233,000).

Debt to shareholders

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

	31/12/2020	31/12/2019
Vitens N.V.	481	720
Evides N.V.	173	281
Total	654	1,001

No interest is charged on the debt to shareholders. In respect of repayment the regular payment term for creditors is used. No other agreements have been made.

(x EUR 1,000)

8. CONTINGENCIES AND COMMITMENTS

The company has concluded lease and rental contracts with an total rental expenditure of approximately € 489,000 (2019: 479,000) for the whole period.

These contracts are related to lease of cars, office space and housing for employees abroad.

	Due within 1 year	Due 1- 5 years	> 5 year
Rental contracts as per 31 December 2020	€ 266	€ 223	-
Rental contracts as per 31 December 2019	€ 226	€ 252	-

The company provided the following guarantee:

	Currency	Amount	Beneficiary
Nr. NLNTFSBGI 0044066 (2020)	€	373	European Investment Bank
Nr. K699927 (2019)	€	373	European Investment Bank

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

(x EUR 1,000)

Notes to the income statement



9. NET TURNOVER

Net turnover from The Netherlands is recognized based on contracts and relates to contributions from Dutch partners with which the company cooperates for their projects.

Net turnover from other continents and other parties relate to contracts as well and comprises grants provided by funders like Dutch Embassies abroad, Ministry of Foreign affairs, Investment and Development Banks, EU in order to realize our goals.

	2020	2019
The Netherlands	4,952	4,688
Northern Africa	3,500	3,795
Central Africa	3,616	2,908
Southern Africa	4,283	6,142
Asia	2,828	3,942
Latin America	407	881
Total	19,587	22,356

Net turnover - The Netherlands	2020	2019
Contribution Vitens	2,200	2,000
Contribution Evides	1,750	1,750
Contribution WML	509	485
Contribution Brabant Water	200	200
Contribution WBG	210	185
Other turnover	83	20
Total	4,952	4,640

10. COSTS OF OPERATIONS

The costs of operations relate to the projects performed during the financial year. The costs of the Project Operations Department are also classified as cost of operations. Under the cost of operations an amount of € 91,000 (2019: € 435,000) relates to wages and salaries.

11. GENERAL AND ADMINISTRATIVE EXPENSES

The General and Administrative expenses relate to the support departments of VEI B.V. and are not project related.

Personnel costs

Under the general and administrative expenses an amount of € 1,706,000 (2019: € 992,000) relates to wages and salaries.

Wages and salaries own employees



Average number of employees

At the end of 2020, 19 employees were employed on a full-time basis (2019: 19). Of these employees, 2 were employed outside the Netherlands (2019: 2).

(x EUR 1,000)

(x EUR 1,000)

Audit fees

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

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

2019	EY	PWC	Blömer	Other	Total
Audit of the financial statements	-	39	-	-	39
Other audit services	61	47	8	-	116
Tax services	-	-	-	9	9
Other non-audit services	-	-	-	-	-
	61	86	8	9	164

The fees listed on the left relate to procedures applied to VEI. B.V. by accounting firms and independent external auditors as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The fees for the year 2020 relate to (1) the audit of the financial statements 2019, regardless of whether the work was performed during the financial year, and (2) other services rendered during the year 2020.

(x EUR 1,000)

(x EUR 1,000)

12. FINANCIAL EXPENSES

The cost of operations and the general and administrative expenses contains also an amount of € -5,000 (2019: € 59,000) related to exchange rate differences. The exchange rate differences are booked in the relevant projects.

	2020	2019
Interest and similar income	-5	-5
Total	-5	-5

13. CORPORATE INCOME TAX

The Corporate income tax is based on the applicable corporate income tax rate in the Netherlands: 25,0% (2019: 25,0%). The effective corporate income tax rate on the company result is 16,5% (2019: 19,0%), due to a different applicable tax rate over the first € 200,000 (2019: 19,0%).

14. RELATED PARTIES

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

All costs from related parties are charged to the company based on actuals (e.g. hours and invoices), without profit margin. The company hires personnel from its shareholders, mainly as project-staff. Moreover VEI B.V. hires staff from Vitens and Evides for back-office activities (e.g. accounting, controlling, ICT, HR and marketing). The specification is as follows:

Contribution

	2020	2019
Vitens N.V.	2,200	2,000
Evides N.V.	1,750	1,750
Total	3,950	3,750

Costs

	2020	2019
Vitens N.V.	2,065	2,693
Evides N.V.	661	880
Total	2,726	3,573

(x EUR 1,000)



15. DIRECTOR'S REMUNERATION

	2020	2019
Current and former directors	175	172
Total	175	172

The management board is charged with managing the company. The authority to determine the remuneration and other employment conditions of the members of the management board accrues to the General Meeting of Shareholders. The remuneration consists of a basic salary, holiday allowance, pension, social security and other expense allowances, and is in accordance with the requirements of the Executives' Pay (Standards) Act. No loans, advances or guarantees were provided to the management board member.

Utrecht, 7 May 2021
M.A.C. Schouten, PhD
 CEO VEI B.V.

Other information

Provisions of the Articles of Association governing the appropriation of profits

The provisions of the Articles of Association relating to profit appropriation are as follows (article 18):

- 18.1 The profit achieved in a financial year is at the disposal of the general meeting.
- 18.2 Profits are paid out after adoption of the financial statements which indicate this is permissible.
- 18.3 The general meeting can adopt a resolution for payment of an interim dividend and/or distributions chargeable to a reserve maintained by the company.
- 18.4 Distributions on shares can only take place up to at most the amount of the distributable shareholders' equity.

18.5 A resolution aimed at distribution will not have any effect as long as the management board has not given its approval. The management board will only refuse to give its approval if it knows or should reasonably foresee that the company will be unable to continue to pay its eligible debts after the distribution.

Proposed appropriation of result

The board of directors proposes to appropriate the result of 2020 as follows: to add an amount of € 82,000 to the other reserves.

Independent auditor's report

To: the general meeting of VEI B.V.

REPORT ON THE FINANCIAL STATEMENTS 2020

Our opinion

In our opinion, the financial statements of VEI B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of VEI B.V., Utrecht.

The financial statements comprise:

- the balance sheet as at 31 December 2020;
- the income statement for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of VEI B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).



REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- VEI emerging stronger from the Covid-19 crisis
- this is VEI;
- results 2020;
- directors' report;
- risk management;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The director is responsible for the preparation of the other information, including the director's report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the director

The director is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The director should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the [appendix](#) to our report.

Amsterdam, 7 May 2021
PricewaterhouseCoopers Accountants N.V.

Drs. F.S. van der Ploeg RA
partner

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2020 OF VEI B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Concluding on the appropriateness of the director's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Philippines – Cebu, VEI's project partner, Metro Cebu Water District, distributing free potable water to vulnerable communities. This daily intervention was a key part of their CSR action plan to mitigate COVID-19.



VEI commits to excellence

