



What did Vitens do during 2012?

Read it in our annual report.

Vitens

LAAT WATER VOOR JE WERKEN

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READY FOR REALISING AMBITIONS

The year 2012 was the year of a new start for Vitens. We took concrete steps towards realising the ambition that we cherish. We let go of the former region-based structure and merged into a single Vitens. In early 2012, a new management structure was set up. The outline of the modern organisation slowly emerged. Now that our new structure is functional, we can build on a more agile culture with more external focus. We do so while retaining safety, reliability, sustainability and affordability of drinking water. Our stable financial results and rates are testimony to this – also during 2012.

Water is the main constituent part of people, and people are the main constituent part of a water company. Our ability of delivering reliable drinking water 24 hours per day depends on our competent employees. The high degree of reliability in delivering and the high quality during 2012 was accomplished thanks to their dedication. They deserve a compliment for this. Especially in view of simultaneously achieving stable financial results and the low rates. We have successfully aimed to keep the water rates at the same level for some years now. During 2012, the water rates even decreased, thanks to the abolishment of the Ground Water Tax.

This means that the water bill for the average household decreased by about 15 per cent. That is good news in times of crisis, when both citizens and companies have less money to spend.

The stability in both results and delivery is especially satisfactory against the background of the organisational changes during the first half of 2012, which demanded a substantial amount of attention. The entire organisation was reappointed. One of the challenges during the organisation change was the recruitment of a new Chairman of the Board. This was necessary due to the departure of two of the three Executive Board members, including the Chairman of the Board. We wish to explicitly express our thanks to Aad van der Velden for his role in this process. As the delegated Supervisory Board member, he accepted responsibility and ensured calm and order. It is mostly thanks to his input that the transition was completed smoothly, also from a three-member to a two-member Executive Board with a new Chairman of the Board.

The new structure has put us on the right course, as a foundation to continue building, using the building bricks that we already had: our previously defined strategic goals. In addition to keeping the social cost at a minimum, we aim to come closer to the client, make the operations more sustainable and expand the international activities. Last but not least: we aim for a culture in which employees are accustomed to take their responsibility. This is a pre-condition for the externally focused, continuously improving, excellent organisation that we envision.

During 2012, we took the first steps on the way to this new culture. However, we are not there yet. We have now arrived at the point where we have to realise our ambitions by achieving our strategic goals. During the next few years, we will focus on 'doing'. In our long-term plans for the next three years, we have translated our goals into specific target figures. These have been directly linked to the budget and specific programmes and projects in order to realise the goals.

During 2012, we made an energetic start. Examples include the introduction of Process-Driven Working (PGW), the preparation of an ambitious investment plan for process automation, and the decision-making regarding our future accommodation.

Aiming for our goals is making us sharper. It ensures that we fulfil the increasing social expectations. It makes us an attractive employer and – also in the future – a reliable water provider.

The seeds for a more externally focused organisation were sown during 2012, among other things by setting up structured SEM (Strategic Environmental Management). Additionally, the new Business Development department was built up during 2012. Also we are more explicitly involved in social debates. For example, in the popular TV show Zembra, we pointed out the necessity of soil remediation to ensure future water quality.

Getting involved in social discussions is a deliberate choice. As the largest drinking water provider in the nation, we wish to express our views on all issues relating to our core business. The importance of the public debate regarding water is on the increase. Sustainability, social responsibility and leadership are the daily subject of the interaction with our stakeholders. We feel it is important to carry on these discussions out there, in the open, and less in closed board rooms. We do realise that if you express an opinion, you invite accountability. And that is exactly what we want: entering into a dialogue with our environment. This also necessitates self-improvement. This way, we not only hear that we are doing well, we will also hear about room for improvement.

Aiming for a new culture goes hand in hand with continuity, both in terms of delivery and water quality. Our primary activities will remain the main focus: producing, delivering and invoicing drinking water. In the period between 2013 to 2017, we will be investing 620 million euros in the pipe network and in the construction and renovation of pumping stations.

We remain a company on which the Netherlands can rely. A 'blue chip' company to our clients and our employees. We can continue to count on their dedication and commitment. That once again became clear in the first two editions of Water Makers, the Open Days at the extraction sites Engelse Werk in Zwolle and Kolff in Waardenburg. If you were there, you experienced the high degree of drive and passion for the drinking water business in person. In order to visualise just how wonderful and important our work is, Water Makers editions will be continued twice every year. We hope to meet you at the next edition!

Lieve Declercq and Wolter Odding, Executive Board of Vitens, 19 April 2013

1.1 NEW STRUCTURE AND CULTURE

2012 was a memorable year for the Vitens organisation. During the first half of the year, our employees were appointed to new positions. On 1 May 2012, the organisation had completed the pivoting process. This finalised the transfer from a region-based structure to a more process-driven structure. The management structure was adjusted accordingly. As of 2012, Vitens is based on a two-person Executive Board and management committees. We are now One Vitens. In order to reap the benefits, we will have to further align and optimise processes with a simultaneous cultural change. This will result in focus, giving our stakeholders more clarity.

During 2012, the PDW programme (Process-Driven Work) was started up in order to align and optimise three key processes: break-downs, new connections and monitoring water quality. The actions ensuing from this programme proved to be an extensive list. For example, in the process 'new connections', 88 bottlenecks were defined which will be resolved during 2013. Process-Driven Work will become the standard throughout Vitens.

FROM THINKING TO DOING

Throughout Vitens, the focus will shift from preparing plans to acting on the plans and continuous improvement. In our culture, we often unnecessarily chose to convene meetings rather than actually implement things. We aim for our employees to increasingly take responsibility. Team managers are role models in this cultural change. They must persist and dare to ask their people to follow their example. The 2013 Annual Plan sets out clear goals that make a specific contribution to realising our ambitions. This will lead to a more agile and result-driven organisation.

FLEX@VITENS

Although Vitens' organisation is no longer region-based, our service area is still spread out over five different provinces. For this reason, we further fleshed out the Flex@Vitens programme during 2012. This programme enables employees to work independently of time and place, allowing for optimal organisation of their work.

ONE VITENS

To many employees and business and public stakeholders, One Vitens takes some getting used to. In the new structure, they cannot always organise everything with their former regional contact. They have to increasingly collaborate with people they do not know and which have different geographic work areas. We now see the importance of ensuring shared knowledge. Information should never be kept inside heads and office drawers. Instead, it must be available in systems accessible to the people involved.

The One Vitens concept deserves promotion. This is why this was an explicit highlight in our internal communication during 2012. During events such as the company staff party and Water Makers, we expressed the message: we are now growing into a single excellent company, from source to tap. The One Vitens concept also translates into our participation bodies. During 2012, we transferred from a Central Works Council representing the regions to a single Works Council, with two representatives of each business unit.

LIFE-LONG LEARNING AND DEVELOPING

Many employees stay with Vitens for a long time. The natural staff turnover amounts to 1 per cent. This indicates loyalty to the organisation. However, it must also be a point of attention. After all, a fresh perspective is good for any organisation. We also want to prevent stagnation of people's development, promoting a good career path. For these and other reasons, our policy embeds the philosophy of life-long learning and developing, and we are committing substantial funds in this respect. Many colleagues are eager to learn, attaining an academic or university degree after hours. Our intranet provides a learning portal with full access to our education/training range.

TRACKING TALENT

We are aware of the importance of the long-term HR policy. We reviewed our core departments Extraction & Purification and Network Management & Delivery in 2012 with respect to competence and expertise. The other departments will follow during 2013. This way, we can track the talents we have in the company, with a better insight into who is ready for the next level and who has room for further development. This prepares us for the consequences of an ageing staff population and expected resulting outflow of knowledge and expertise.

LABOUR MARKET POLICY

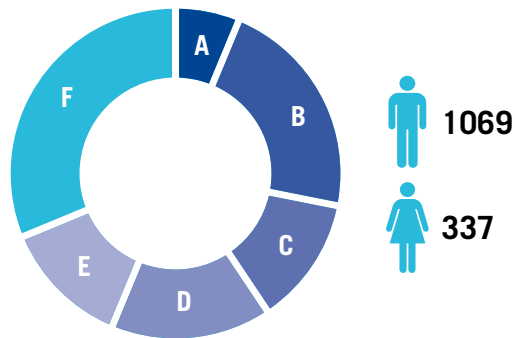
The labour market policy during 2012 is mainly focused on communication and visibility regarding specific target groups. For example, Vitens cooperated in Girlsday and the Study Experience Almere in 2012. We also contributed to setting up the Centre for Innovative Tradesmanship Water (CIV Water), stationed in the Leeuwarden water campus. In this respect, Vitens has collaborated with various companies within the water sector in the north of the Netherlands and institutions for secondary and higher vocational education. The objective is to ensure the supply of experts with high-quality training, knowledge and expertise in the area of water technology and management. Finally, we recruited four new management trainees in 2012.

1.2 KEY FIGURES HR

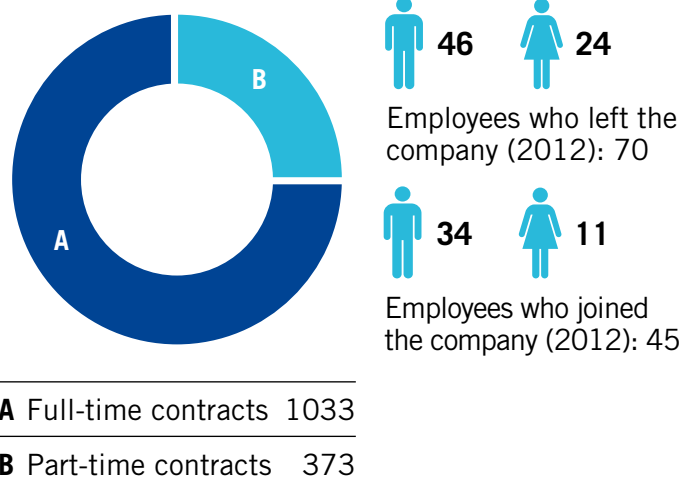
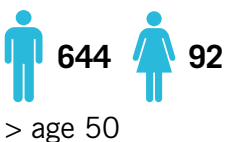
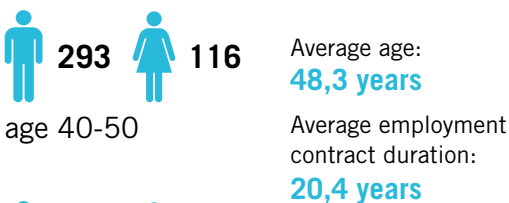
Number of employees (with a permanent employment contract): 1406

By department:

A Asset Management	82
B Network Management & Delivery	305
C Design & Build	195
D Extraction & Purification	238
E Client & Invoicing	183
F Other	403



Age distribution:



1.3 WORKING CONDITIONS

During the structure adjustment of the organisation, the Arbo (Occupational Health and Safety) management system OHSAS18001 was maintained. This system ensures a safe working environment in technical and procedural terms.

Internal and external audits have brought to light some minor deviations, which were quickly redressed. Responding to organisational changes, a new Risk Assessment and Evaluation for the Extraction & Purification department was conducted.

Vitens paid extra attention to accidents. During 2012, 28 accidents were reported (2011: 33). In eleven cases (2011: six cases), this resulted in the relevant

employee's absence due to illness of more than three days. None of the accidents required hospitalisation or resulted in permanent injury.

Vitens feels that lowering the number of accidents is an important point of improvement. This is a 2013 spearhead, in particular in view of the fact that with 4.6, our LTI (lost time injury) is substantially higher than in other comparable sectors.

During 2012, our absence rate was 2.2%. This is substantially lower than the national average of 4.45%. Our employees' health is an essential part of our Arbo activities.

1.4 PLACEMENT AND SELECTION

During 2012, the structural adjustment of the organisation was fully completed. Vitens transferred from a regional structure to a process-driven structure. In May 2012, this resulted in placing and selecting employees for almost all positions. All first- and second-line manager positions had already been filled. This ended a period that was experienced as uncertain by many employees.

Eventually, most of the employees were placed in a new or similar position. The Social Plan was applicable to

22 redundant employees, who had a choice between a severance pay or assistance of the Mobiliteitsbureau (Mobility Office).

During 2012, we paid extensive attention to the practical specification of the new, daily routine and translating this into the desired results. This requires a substantial amount of energy and attention at all levels and will continue into 2013.

1.5 EMPLOYEE DEVELOPMENT

Development and growth of employees has become a major focus after the structural reorganisation. All departments paid attention to the individual drivers and competencies that are part of working in the new organisation. On the one hand this served to get to know each other better and on the other to build the team spirit.

Understanding for others, both within and outside the department, is a key prerequisite for effective collaboration and communication. The management intensively worked on its own role towards their team and co-managers. We paid extensive attention to the specific translation of the vision into daily reality.

With all employees, we made agreements on personal development in the context of the RW&D cycle (Result-Driven Work & Development), contributing to optimal performance.

The employee's individual responsibility for enhancing their sustainable employability and their career path is facilitated with an Employability Budget. Employees may use this budget to develop new skills or update their expertise.

1.6 EMPLOYEE SATISFACTION

Vitens traditionally conducts an annual employee satisfaction survey. During 2012, we decided to alter this survey. This was based on the low score in a number of items, the aim to refocus, and the need to measure and steer with a higher frequency.

In future, a short survey will be conducted every six months. This will focus on the themes Result-Driven & Collaboration, Involvement, Proud of Vitens and Trust in the Management. Once in two years, this survey will be extended with questions on issues such as working conditions and remuneration.

The first summary survey took place in November 2012. Almost 80% of all employees participated. General satisfaction rose from 7.1 to 7.2. Pride in the organisation and trust in the higher management have slightly increase, but still leave room for improvement. A clear signal is that employees would like more appreciation. They also feel that the interdepartmental collaboration has room for improvement. This indicates that we have the necessary steps to take in order to become a single organisation.

1.7 ACCOUNTING FOR RISK MANAGEMENT

1.7.1 REPORTING

A quarterly report is sent to the Executive Board on risks and control measures. Additionally, the effectiveness of the control measures is tested in accordance with the Risk-Based Auditing system. These issues are also reported to the Audit Committee and the Supervisory Board.

1.7.2 WATER QUALITY AND RELIABILITY OF DELIVERY

In order to ensure excellent water quality, Vitens ensures adequate extraction, purification and distribution. The drinking water is checked at various points in the process and at the client's home. All major risks have been identified in this context. Where limits were or could be exceeded, adequate measures are implemented in consultation with the Inspector of Public Health. In order to guarantee long-term reliability of delivery, plans were prepared relevant to extraction and infrastructure (production sites, pipes, reservoirs) with a replacement reserve within practical limits.

A supply plan with control measures for calamities and emergencies was prepared and is maintained in accordance with the requirements of the authorities.

1.7.3 LEGISLATION AND REGULATIONS

The main legislation and regulations to which Vitens is subject include the Drinking Water Act, the Drinking Water Decree, the European Framework Regulation Water, environmental legislation and the Working Conditions Act. Vitens controls the risks by assurance of legislative knowledge and implementing adequate control measures where necessary.

1.8 RISK DEVELOPMENT

In the summer of 2012, an organisation-wide risk inventory was conducted. The management followed up by weighing all risks on probability, effect and improvement potential. This resulted in a priority list, establishing the highest risks to the company. In order to mitigate the highest risks, the control measures were defined and set out in the integral business plan. During the reporting year, this resulted in the following development in the top risks.

1.8.1 RISK: MAINS NETWORK

Vitens' mains network adds up to approximately 48,000 kilometres. There is an inherent risk of a low-quality or badly positioned mains network, which forms a hazard to the organisation's ability to effectively and efficiently reach existing and potential clients and end users. Within Vitens, mitigating this risk has gained the highest priority. This is why we started this year with an inventory and qualification of the entire mains network. These data will enable us to create a risk profile of the mains network from 2013, supporting us in making the right investment choices.

1.8.2 RISK: IT ACCESS (INFORMATION SECURITY)

This concerns the risk of neglecting to adequately control access to information, resulting in unauthorised knowledge and use of confidential information, or hampering employees in effectively and efficiently carrying out the tasks and responsibilities assigned to them. In order to ensure better control of this risk, the company prepared an information security policy and plan in the reporting year. This plan contains 16 security measures, some of which were implemented during 2012. The other measures are scheduled to be implemented in 2013. This concerns, among other things, recording responsibility for information, applications and systems, management of user access rights, protection against malware and separation of networks. Additionally, a method for risk analysis on information security will be developed and implemented.

1.8.3 RISK: EMPLOYEES AND EXPERTISE

Due to staff turnover, among other things due to the aging employee population, a situation may arise where Vitens is confronted with the required knowledge and expertise flowing out of the company. In order to control this risk, SPP (Strategic Personnel Planning) was introduced in two large operational departments. SPP will allow us to determine the future personnel requirements based on internal and external developments. During 2013, SPP will be rolled out over several departments. The first signals from SPP show that the large outflow of personnel in the coming years, combined with expected scarcity in the labour market, will demand a more extensive

effort from us to provide the required labour. This requires a carefully considered and powerful labour market policy. During 2013, we will be working on an authentic and discerning employer brand. We will also encourage personal networking (referral recruitment), setting up an efficient recruitment process.

1.8.4 RISK: LEADERSHIP

The development of the organisation and employees, in our view, starts with the development of the management and their leadership skills. If the dialogue in the management processes between the managers and with the employees is of a high quality level, this is bound to contribute to the desired development of the employees. Among the first-line managers, a need was felt during the reporting year for sharing knowledge and expertise regarding supervising and leadership. The agreement was to invest a few days per year together (Executive Board and first line) to reflect upon change, the manager's role and sharing knowledge and experience on various aspects of management and supervision. In addition to the development of the Executive Board and the first line, development of our Team Managers (TM) is crucial. Primarily, this will take place via the teams of the first-line managers. Additionally, twice a year, TM days will be convened. The themes of such days will strongly focus on realisation of our objectives.

1.8.5 RISK: CLIENT FOCUS

In the realisation of Vitens' ambition, the degree of being client-focused can play a crucial role. The programme Process-Driven Work & Continuous Improvement has been started up in the reporting year as the key 2013 programme. It mainly focuses on building higher client satisfaction. Additionally, Vitens-wide complaint registration and monitoring has the highest level of attention. This does not only concern quantitative monitoring; it also concerns a qualitative interpretation. It also involves the way in which we enter the dialogue with our clients. The aim is to move from incident-driven communication towards proactively informing. We are on the right course with these efforts. This is clear from the client satisfaction surveys. The results prove that Vitens delivered adequate and stable services during the reporting year.



2.1 SAFE AND RELIABLE DRINKING WATER

First and foremost, Vitens is committed to providing the best drinking water 24 hours per day. Also during 2012, we fulfilled the high expectations once again. Furthermore, we again made a full investment to guarantee quality and continuity, also in the future. Intensive contact with stakeholders is required to ensure this. We have structured this in a new working principle for environmental management. By entering into a structural dialogue with our environment, we are realising our ambition to benefit more from water together.

It seems almost self-evident in the Netherlands to have high-quality water available 24 hours per day. However, this is not an automatic. Employees, including engineers, process operators, inspectors and site managers have to work very hard to achieve this. They monitor water production day and night, taking action whenever the system shows a failure. Thanks to the commitment of all these employees, we can be proud of great statistics again in 2012.

WATER QUALITY

We delivered water of the highest quality. That is clear from the score on the water quality index (WKI): 0.034 (0.039 in 2011). This index shows to what extent the drinking water complies with legal standards as set out in the Drinking Water Decree. Water that is right on these standards receives a score of 1. The 0 score is the highest achievable. Vitens applies a maximum score of 0.4. The indicator for reliability in delivery, (OLM - Sub-standard Delivery Minutes) shows the high reliability level of our water supply. Our score falls well within the statutory standard of 15 minutes.

SENSORS

Naturally, we are proud of our reliability rate in delivering and the quality of our water, but that does not mean we are standing still. We continue to innovate. In order to keep an even closer eye on the water, we have developed a network of sensors, enabling us to read the quality level in real-time and remotely. We are currently testing this in the Frisian mains network. This is possibly the new mains network management system in the water sector.

SOFTENING

Clients set increasing demands to the quality of water, including clarity and hardness. This is why we develop water decolouring and softening installations, or take different measures. Clients from Vaassen spoke up on 24 September in the consumer TV programme TROS Radar. They complained about calcium in our water from the Epe extraction site. We explained the cause. We also clarified that we are solving the problem by replacing the pipes. This has just been completed for two thirds of the relevant network.

FUTURE-PROOF

In order to continue guaranteeing the continuity and quality of drinking water supply, we continue to invest. Our total investment in continuity and quality of drinking water amounted to 106 million euros in 2012. Vitens now has approximately one hundred production sites for extraction and purification and approximately 48,000 kilometres of mains network. We still continue to invest in new extraction sites and in our subterranean infrastructure.

2.2 INVESTMENT IN PRODUCTION SITES

During 2012, we invested a total of approximately 39 million euros in renovating production sites. We have done this for existing extraction sites while developing new extraction sites. For example, in 2012, we made preparations for constructing new sites in Nieuwegein and Vechterweerd near Dalfsen. On Friday 20 January 2012, Vitens signed the Vechterweerd water agreement. This includes agreements on water quality control, contingency procedures, monitoring and policy frameworks. Up to and including 2013, we will invest approximately 18 million euros in this new drinking

water production company. From 2014 onwards, we will be extracting and purifying approximately two million cubic metres of water on this site. This concerns a special extraction site, using bank ground water rather than ground water. This is also the first drinking water production site attaining the sustainable BREEAM certificate Very Good based on its design. During 2012, we also renovated the Holten production site (6.8 million euros) and invested 6.6 million euros to adjust the water extraction site near Manderveen.

2.3 INVESTMENTS IN DISTRIBUTION NETWORK

Not just new and existing extraction sites are key to the continuity and quality of the water. The key to success in Dutch water is well-maintained mains network. This is another merit of our fully committed employees. Vitens is making substantial investment in its 48,000-kilometre mains infrastructure. In 2012, over 67 million euros were spent on installing, renovating and repairing mains and distribution pipes. Although we have decreased the number of pipe breaks, we would also like to limit the long-term risks.

That is the reason for many preventative replacements of pipe sections.

Due to repeated leaks, the water pipes between Grou and Warten (seven kilometres) were all replaced. A six-kilometre transport pipe was installed from the Apeldoorn Canal to the Schalterberg water extraction site in order to reduce dehydration effects.

2.4 VITENS LABORATORY

The Vitens laboratory in Leeuwarden is the most state-of-the-art drinking water laboratory in Europe. Here, hundreds of water samples are processed on a daily basis, mostly automated. Both the logistics and its advanced measuring equipment ensure high efficiency and high quality. The micro-biological and chemical tests are conducted in compliance with the strictest quality requirements.

In November 2012, the Board of Accreditation performed the four-year reassessment inspection in the laboratory. This inspection is more comprehensive than the annual inspection survey, taking up several days. During this inspection, the laboratory's quality system and its practical use were assessed. The result was very positive; the number of deviations detected was well below the standards that the laboratory applies.

The Vitens Laboratory in Leeuwarden is increasingly part of the Vitens innovation programme. During the past few years, also during 2012, the Laboratory had an initiating role in new developments. Examples

include: Sensors can replace a laboratory in the future to some extent as **sensors** can be fitted with online functionality. Vitens played a key role in developing the Event Lab (Optiqua) into a fully fledged product applied with the Vitens Innovation Playground (VIP).

DNA methods play an increasingly important role in determining microbiological quality of our production, distribution and final product. **BioD** is a break-through in this field, focusing on full biodiversity of our water from source to tap, based on up-to-the-minute technology.

Screening methods to quickly detect new or unknown chemicals are quickly emerging. This requires specific expertise and advanced equipment.

2.5 STRATEGIC ENVIRONMENTAL MANAGEMENT

In order to carefully consider all interests in new projects, we implemented SEM (Strategy Environment Management) in 2012. Forty employees were trained in this method, focusing on achieving shared interests. At organisational level, we made agreements on who is responsible for which communication with external parties. These are recorded in the SEM matrix, listing

our key stakeholders. We apply SEM in pilots within the City of Utrecht and the province of Overijssel.

2.6 COLLABORATION IN THE WATER CHAIN

New projects have long preparation times due to the permit applications and surveys. In a country as densely populated as the Netherlands, a wide range of interests must be considered. Vitens is committed to make agreements with as many chain partners as possible at a very early stage. An integral approach is often necessary for innovations and sustainable solutions, with many stakeholders involved. It makes sense to make agreements accordingly with chain partners. We approved a vision on the water chain with the Supervisory Board in September 2012. In this vision, Vitens indicated that it will mainly focus on client-driven initiatives within the water chain.

2.6.1 INTERPROVINCIAL DELIVERIES

In late 2011, as part of its long-term vision, Vitens concluded a covenant with seven provinces involved. This serves to conduct an exploratory survey into the necessity and possibilities of IPL (Inter-Provincial Deliveries) in order to make choices on the future design of the water extraction infrastructure. Vitens is responsible for programme management. Phase 2 is now virtually complete. The extraction potential from the various sub-surveys has been charted. In late 2013, governance agreements were made together with the provinces involved regarding the later stages.

2.6.2 ASSESSING ZONING PLANS

The drinking water interest is embedded, among other things, in municipal zoning plans. Vitens depends on municipalities to send updates to their zoning plans. These plans must be screened manually, which is a labour-intensive and error-prone process. Thanks to the introduction of a web-based application, the zoning plans are now automatically screened on drinking water interests. This saves a lot of work and is far more accurate.

2.6.3 INFLUENCING NATIONAL POLICY

During 2012, Vitens initiated structural organisation of national policy influencing. Partially via the Association of Dutch Water Companies (Vewin), Vitens is now involved in the preparation of various policy

and legislative projects (including the Drinking Water Memorandum, the Structural Vision Subterranean, the Fertiliser Act and the Environment Act). At request, Vitens, as an expert, provided a direct contribution to the policy development regarding shale gas, ground water management, soil contamination, subterranean and duty of care, and protection of drinking water extraction sites.

2.6.4 WADI DARP

In 2012, construction of the wadi in Darp was started. This construction is part of a total revision of the village of Darp. This includes constructing a separate sewer system, which prevents having to activate the sewerage overflow into the water extraction area. Vitens contributes to this project by making a strip of land along the village available. This can be used as a temporary, safe storage place for the disconnected rainwater. The water is captured and lightly purified here, after which it flows into the Reu rain river. The close consultation with the stakeholders in this project gave rise to a symbiosis appreciated at a national level.

2.6.5 GREEN DEAL FRIESLAND

In 2012, Vitens and Secretary of State Atsma (infrastructure and environment), the Province of Fryslân, all Frisian cities, Wetterskip Fryslân, Wetsus knowledge centre, Wateralliance and Centre of Expertise Water Technology signed a Green Deal agreement. The Green Deal is part of the Frisian Administrative Accord Water Chain concluded previously. With the Green Deal, the Government aims to promote collaboration between the parties in the water chain, encouraging application of innovations.

2.6.6 AGREEMENT SUSTAINABLE DRINKING WATER PROVISION PROVINCE OF GELDERLAND

The Schalterberg infiltration project is one of the measures ensuing from the Agreement Sustainable Drinking Water Provision Province of Gelderland (ODDG). During 2012, a transport pipe and infiltration ponds were laid out in the Schalterberg drink-

ing water extraction site. The infiltration process is expected to be commissioned during 2013. In 2008, the Province of Gelderland and Vitens concluded the ODDG. One of the objectives of these agreements is preventing dehydration due to water extraction in certain areas in Gelderland.

2.6.7 CLEAN WATER CAMPAIGN IN THE PROVINCE OF OVERIJSEL

In July 2012, Vitens and the Province of Overijssel

started a campaign to increase awareness of the vulnerability of water extraction sites. Many Overijssel inhabitants live above water extraction sites. Their everyday routines may affect the quality of the groundwater. For example, when washing the car, oily substances may end up in the groundwater. Or, when using fertilisers, nitrates can permeate into the water. The campaign offers the Overijssel residents tips to put in their bit against soil contamination.

2.7 INNOVATIVE POWER

In order to realise its innovation objectives, Vitens has a technology centre with 38 technologists and hydrologists. These experts collaborate with colleagues in Asset Management or other operational departments, depending on the relevant project. Additionally, they conduct tests in collaboration with external parties

Over half of Vitens' innovation budget is spent in the collective testing at KWR Water-cycle Research Institute. This is mainly focused on collective needs and trends of the Dutch drinking water sector.

We are of the opinion that fundamental testing also plays a key role in innovation. The cohesion between technology-driven and market-driven testing is important in fundamental research. Vitens participates in six of Wetsus' research themes, maintaining close contact with the Dutch universities. Vitens annually supplies one or more PhD candidates.

We feel it is of great importance to maintain close contact with the suppliers of technology and industry. For example, we collaborate with parties such as 3M, Wavin, IBM and RWB, but also cross-sectoral with mains network manager Alliander. In addition to direct collaboration, Vitens also participates in international network groups such as Water Alliantie, NWP and Isle Utilities.

2.7.1 EXTRACTION OF BRACKISH GROUND WATER

Together with Brabant Water and KWR Watercycle Research Institute, Vitens received an Honour Award from the International Water Association (IWA) on 15 May 2012 for its study into the 'Fresh-Keeper'.

The fresh-keeper is a method to pump up and process sweet and brackish groundwater separately. This innovative extraction of brackish groundwater can be a sustainable strategy to counter the salination process in pit fields. To Vitens, this break-through study means that there are excellent possibilities to reopen the closed (salinated) Noardburgum groundwater extraction site. This pit field could be a major contribution to the Frisian drinking water supply.

Over 54,000 households and companies in the north of the province depend on this plant.

This study has gained international interest. In coastal zones, sweet water sources worldwide are under pressure due to increased demand for water.

2.7.2 GROUNDWATER DATING

Vitens is the very first drinking water company in the world able to accurately date young water from extraction pits. In collaboration with TNO, Vitens applies an innovative method in order to determine from which precipitation year the groundwater originates. This new method enables us to more accurately predict any contaminations in the groundwater and which extraction pits are vulnerable.

This allows us to predict presence of any nitrates or sulphates due to overfertilisation. Possible measures that may be implemented are deeper extraction levels, moving an extraction pit or applying an additional purification step.

The innovative dating method was compiled using a subsidy of the Ministry of Economic Affairs. Vitens is reviewing further applications of this new method.

2.7.3 INTELLIGENT WATER SUPPLY

On 8 and 9 May 2012, Vitens hosted the annual Smart Water Networks Forum (SWAN) conference in Utrecht. Smart Water Networks – SWAN – is an industrial alliance for the development of intelligent water systems and smart grids.

The term smart grids refers to the innovative way in which water companies can gather online measuring data by means of sensors to better control processes and production processes in the future. In the global water sector, some major innovative developments are taking place with respect to this subject. An example of this kind of technological development is being implemented in a pilot project in the Netherlands.

Since 2012, Vitens has an 'experiment room' which is unique in terms of type and scale: the Vitens Innovation Playground. In close consultation with other drinking water companies, KWR Watercycle Research Institute and the private sector, we are designing a grid for water distribution. In the pilot project in Friesland, Vitens has placed sensors at various locations in the water mains network, measuring the water quantity and quality of households in the province of Friesland remotely and in real time.

In April 2012, Vitens received a subsidy from SNN (Partnership Northern Netherlands) amounting to almost € 300,000 for testing these new technologies. Vitens can use the information measured by the sensors to improve efficiency, reduce loss due to leakage, save energy, and monitor and improve the water quality, from the purification stage to the tap.

2.7.4 INNOVATIVE MEMBRANE WASH

Vitens and Adviesbureau WE Consult of Vianen have developed a new sustainable technology to wash bio-contamination from membrane filters. Applying this new technology decreases our environmental footprint and significantly decreases the cost of new filters. Furthermore, downtime of our business process is shorter in comparison with the existing washing process.

This innovation is of worldwide importance. In many countries people are dependent on membrane filtration for clean drinking water. Membrane filtration makes it possible to remove very fine particles from the water. This is why this method is used, for example, to convert seawater or river water into drinking water. This way, drinking water supply companies in the Middle East, Southern Europe and the USA can benefit too.

This innovation was in part made possible by an 'innoWATOR' subsidy granted by NL Agency. The innovation was developed in partnership with the University of Twente, RWB Water Services and WE consult. Vitens and WE Consult were jointly granted the patent on this new washing method.



3.1 RESIDENTIAL AND BUSINESS CLIENTS

Vitens feels that it has a major responsibility to keep rates low. In 2012 too, we managed to do that. Our clients can rely on our cost control. They can also count on our employees to do their best to further improve our service. We realise that consumers and companies have increasing expectations. We aim to fulfil these, also based on innovations.

Vitens is a public company without any competitors. Clients do not have a choice. However, they may certainly expect efficient management and excellent service. Supported by our shareholders, we are very sharp on cost control. We aim to keep our prices to a minimum without compromising on service and quality.

CLIENT SATISFACTION

In order to measure our 5.4 million clients' opinion of our service, we use our client satisfaction scores. We measure this indicator on a monthly basis. During 2012, our clients gave us an average score of 7.8, the same level as in 2011. We may be very proud of that. This shows that our people's work is appreciated. In particular our colleagues at Client & Invoicing deserve a compliment in this respect.

High client satisfaction is great, but simultaneously, we are aware that we can do better. We learn most from our clients' critical comments. Vitens annually receives one million phone calls. That includes complaints. We attempt to resolve these as quickly as possible. During 2012, 96.5% of all complaints called in were processed within five days. A total of 350 clients had to wait longer.

CONTINUOUS IMPROVEMENT

We can further improve our client processes. We managed to prevent incurring any delays, enabling us to start building up better processes. We made a major step forward in June 2012. Clients reporting a supply problem no longer talk to our Client Service. Instead, they are directly taken to the Network Management & Delivery people. That means that the person who reports the problem speaks directly with the person who can resolve the problem. Although this new 'break-down service' has only just been installed within Network Management & Delivery, it has already proven to work well.

Simultaneously, we are working on additional facilities improving this front office, such as the new Track & Trace system. In the course of 2013, this will show us the location of our breakdown engineers. The intention is to achieve a better planning schedule, a 2% reduction in their mileage and faster service to the client.

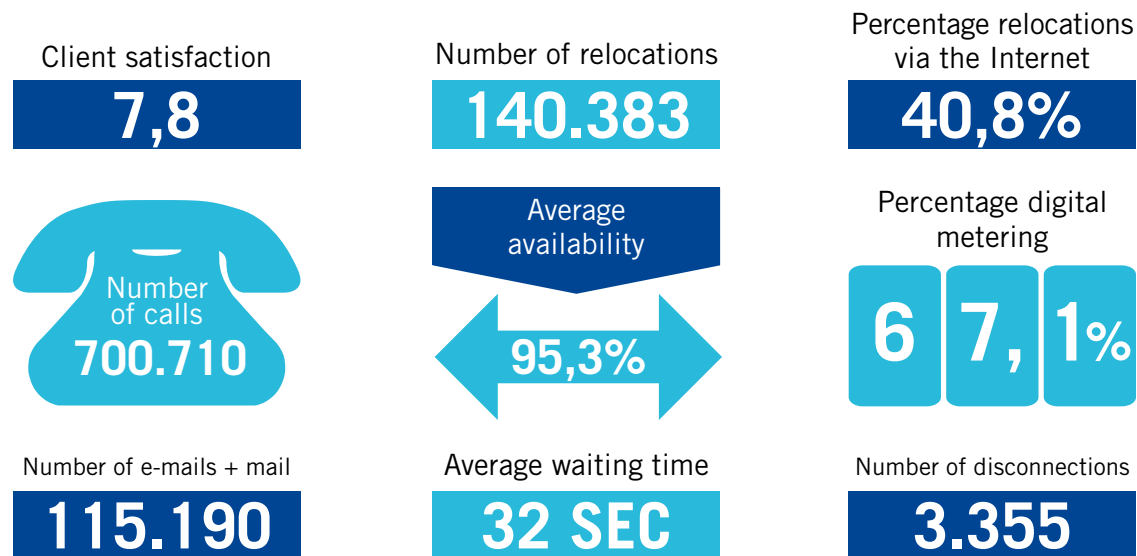
DIGITAL

Clients increasingly want to organise their own business. In response to this development, we have improved our Internet Self Service (ISS). On the website, consumers can go to My Vitens to personally organise their own 'water affairs' in an even easier way.

Clients also expect quicker reactions and information. They increasingly communicate via the social media. We notice that in particular in the event of failures and problems. This is why we opened a separate Twitter account for service interruptions and problems in the summer of 2012 in order to keep clients informed. Vitens has been active on Facebook since this fall. This is not so much intended as an extension of our client service; instead, it is mainly focused on awareness regarding tap water. However, an increasing number of clients use this platform to ask us about our services and problems. Facebook is therefore an excellent instrument for getting closer to our clients. Meanwhile, we have gained about 3,000 fans that we frequently keep informed on Vitens' activities, from placing water tap points to opening water extraction areas for recreational hiking and walking.

The third way we respond to our clients' expectations online is Waterstoring.nl. This website, developed in partnership with Oasen water company, aims to make service interruptions and problems transparent. We aim for all Dutch water companies to join in. The sooner clients know about a problem in their area, the better. This can prevent unnecessary reports and break-down engineer mileage.

3.2 KEY FIGURES CLIENTS



3.3 DEVELOPMENT WATER RATE

The focus on cost control is one of the reasons why the water rates have not increased since 2005 for the average consumer. The price of our water decreased slightly during 2012 on average. The price per cubic metre will also not increase during 2013. Our shareholders have agreed to set the variable price at 0.0008 euros per litre of drinking water. This takes the average consumer's annual invoice to a total of about 123 euros.

As of 1 January 2012, the cost-increasing groundwater tax was abolished (approximately 65 million euros). The benefit of this abolishment was fully passed on to our clients. The rates for the large business accounts were decreased by 20 cents/m³ from 1 January.

The variable rate for residential clients was reduced by 24.5 cents/m³, with a simultaneous increase of the annual capacity rate by € 5.

Vitens will keep the average drinking water rate for its clients at the same level, with a gradual increase in the share of the capacity rate. This will ensure a better alignment of the rates and the cost of the water. In 2012, the harmonisation of the rates for large business accounts was further implemented. Eventually, in 2015, we will achieve full harmonisation of all rates in our service area.

3.4 CLIENT SERVICE

The backbone of our client service is our Business Process Management system. The introduction of this system ensures uniform processes and quantitative and qualitative process improvements. This way, we ensure that based on a first-time fix, the client's problem is resolved by a single employee rather than several employees. The relocation process was optimised during 2012. During 2013, the connection process

and invoicing process will follow. In addition to the introduction of Business Process Management System (BPMS), the option of sending relocation details online has improved. Clients are increasingly finding their way to this option. Shortly after the improvement of the relocation process and the improvement of this section at My Vitens, as much as 40% of all relocations is organised online by our clients.

3.5 BUSINESS CLIENTS

We are also updating our services to our business clients. We are expanding digitalisation of our reminder letters and welcome letters. This is scheduled to be implemented in 2013. We have installed Automatic Meter Reading (AMR) in most of the companies in the top one thousand clients. After placing this smart metre, the client receives monthly information on water consumption (consumption graphics). Over 81% gives the AMR system a score of good to excellent. As much as 40% indicates that AMR leads to more efficient water consumption.

We learn from incidents, such as the event in the Sint Maartenskliniek hospital. A ruptured main pipe near Berg en Dal blocked the water supply. We came to the hospital's rescue by bringing tanker trucks full of clean drinking water. Both parties learned from this incident, in terms of how to deal with control, advice and communication and the importance of having an emergency drinking water supply to hospitals.

3.6 VITENS AS A WATER PARTNER

We are happy to make our knowledge available to companies and organisations. This is why we aim for profiling ourselves as an expert with which you can do business. We would like for half of our business clients to name Vitens as the ultimate water partner.

With Vitens Solutions, we have a carry-forward item for business clients. This division provides services in addition to our public tasks. For example, Vitens Solutions sells knowledge and research in water technology to the industrial market. This involves a network of partners.

Companies with their own extraction sites can also count on Vitens Solutions. The legal requirements for the quality of privately extracted water have become stricter. We can help private extractors to comply with these new standards, for example by measuring the quality. Naturally, we also allow these companies to outsource their water extraction activities to us.

Vitens' Business Development department is responsible for translating new opportunities and developments in the market into concrete opportunity for Vitens. Based on its strategy, Vitens defined clear goals. Innovation plays a key role here. The focus is on sustainability, cost reduction and expanding international activities.

Both Vitens and Business Development are active in tailor-made solutions to large business and industrial clients and developing new opportunities into new business. This is why we think it is crucial to continuously give space and attention to experiments that may lead to innovative break-throughs.

3.7 BREAK-DOWNS AND WORKS

In early February 2012, a long cold spell affected us. We received 1,600 reports of water metres having frozen. Our engineers and service assistants were doing overtime in order to get the water supply running to the affected clients as soon as possible. Preventing frozen water metres and pipes is easy to do for clients. To help them in their efforts, we started the Winter Journal in December 2012. This included tips on how to protect the water mains from the cold. We used various communication platforms: Facebook, Twitter and the service vans.

Since this summer, we have been using our new dedicated Twitter account in addition to our website and our emergency number to provide our clients with information during supply problems. In addition to the existing Twitter account, @Vitens, we opened @Vitens-storingen. Meanwhile, over 800 people are following the supply problem announcements placed both proactively and reactively. This works both ways: we can inform people quickly and we receive signals of possible problems at an early stage in order to respond.



4.1 SUSTAINABLE DNA

We work to provide a primary need, and that means we need to have a passion for the environment and forsafety. A public company is unable to ignore its social interests. Sustainability is in our genes. But we need more to really discern ourselves. We must work together to accomplish sustainable objectives embedded in an integral policy, and measure whether we are realising these ambition.

One of Vitens' strategic ambitions is to become a sustainable company. **Noblesse oblige** for a social, public company. However, we do not just see that as our duty. We also think that collaborating on sustainability can be a driving force for innovation and an entrepreneurial culture. We also believe that this motivates our people, giving us a leading edge with the talent of the future. Especially when we succeed in discerning ourselves in the water sector in this respect. After all, that is what we want.

POLICY AND RESULTS

Vitens traditionally deploys many sustainable initiatives. Since 2011, we have taken a planned and structural approach to Corporate Social Responsibility. In 2012, we actively expanded our sustainability strategy. Part of the strategy is a list of measurable objectives and specific activities for each work area and department, embedded in the Sustainability Programme. For example, the integral sustainability policy is embedded in the environmental policy, strategy environmental management, investment policy, innovation policy, sustainable procurement and HR policy.

Strategic support is coordinated within the 'Sustainability Steering Group', with Mr Odding (one of the Executive Board members) as its Chairman. This strategy has been deployed within Vitens with the first-line managers as the point of contact. Within each department, employees are responsible for specific work areas or aspects in terms of exploring, implementing, internal communications and periodical reporting.

4.2 SUSTAINABLE AMBITIONS

The strategy is split into three ambitions: sustainable water, responsible company and connected with the clients/society. For each of these partial ambitions, specific objectives and targets were determined and projects were started up.

4.2.1 SUSTAINABLE WATER

We have determined targets for making our water production more sustainable. During 2012, an Energy Programme was developed with the aim of reducing energy consumption by 20% by the year 2020 (3.4 million euros). Furthermore, we aim for a significant share of sustainably generated energy (20%). For this purpose, we are collaborating with Eneco, a power supplier, and pump manufacturer Grundfos.

The third objective in our water production is reducing our CO₂ emissions by 50% in 2020. Capturing the methane gas at Spannenburg will form a major contribution to this target. The construction of the required installation was started in 2012 and will become operational in 2013.

Another sustainability opportunity is reusing residual flows. The work group 'Valorisation Residual Flows' is actively working on exploring sustainable opportunities and using these for our residual flows. Innovation plays an important part in this respect. For example, lime pellets (Oldeholtgade) get a new lease of life as fertilisers. Aquatic iron (Spannenburg) is used as a bio-fermentation agent. During 2012, we also took steps to find a sustainable application for humus acids, the residual product of the decolouring process.

The intention is to eventually find a subsequent use for all our production waste. We are moving from 'useful' application to 'valuable' application. We aim to bring the costs we incur for carrying off production waste (1.5 million euros) down to zero. This way, we are moving towards a circulating economy.

4.2.2 RESPONSIBLE COMPANY

As a water company, we aim to fill in our role in society as actively as possible. We are working on making our production more sustainable, and also on making our entire operations more sustainable and responsible in the broadest sense. For example, our procurement is sustainable in compliance with the government criteria prepared by NL Agency. Our buyers are still getting used to this. This is why we are developing procedures and tools helping our people to familiarise themselves with the new rules.

We also have clear ambitions in other aspects of operations, including mobility and HR. For example, we aim to reduce our mileage by two per cent in 2013. Our HR policy is characterised by attention for

employability, health management and a themed approach for employee satisfaction improvement.

4.2.3 CONNECTED WITH THE CLIENT

Our largest impact as a responsible company can be achieved with our clients. If we can help our clients make sustainable use of our water, we will reach a social impact. For example, we want to assist our clients in choosing tap water, informing them of ways to use less energy for heating water. We provide business clients with more insight into their consumption by means of smart water metres.

As the largest water provider, we see it as our responsibility to increase awareness of tap water among our clients. That is what our clients expect of us. That is apparent from a survey conducted by TNS Nipo in the summer of 2012. The results show that our clients expect Vitens to play an active role in encouraging the use of tap water compared with bottled water and soft drinks. We do this, for example, by collaborating with the Join the Pipe foundation, placing public water tap points that we connect free of charge. With Vitens' aid, a total of 75 tap points were installed during 2012.

We also want to ensure that people can choose to order tap water in catering establishments and at events. Through our education programme for primary school pupils, 'Water Knowledge', and our Children's Council, we show that the future generation plays a key role in sustainable use of water. In brief, making tap water tangible and telling the story behind it are instrumental in awareness and connection.

4.2.4 CONNECTED WITH SOCIETY

Vitens aims for close collaboration with all partners in society. In 2012, we started with an Internet desk where a wide range of key documents is available to public bodies. This Vitens Desk is the first of its kind in the Netherlands.

We frequently sit at the table with stakeholders in order to exchange views on our policy. In order to carry the discussion with the external world as thoroughly as possible, we are open regarding our policy and performance, with clear social reporting in accordance with the standards of GRI, TB and Best Practices. The annual Transparency Benchmark survey of the Ministry of Economic Affairs is an indication of the quality and content. Our 2011 report was ranked number 63 in a list of 472 participants, after 94th place in 2010. Vitens aims for continuing its ascent in this list.

4.3 DIALOGUE WITH STAKEHOLDERS

Vitens is part of a social, economic and political administrative environment. The key stakeholder groups with which Vitens is in contact includes shareholders, clients, suppliers, government bodies, Provincial and Municipal Councils, public interest groups, local residents and, of course, our Vitens employees.

On a daily basis, sixteen area managers, five account managers (large business accounts) and over 200 call centre employees (clients) are active in supporting and assisting our stakeholders. Naturally, it does not stop there. Each department is actively in dialogue with suppliers, shareholders, researchers and regulating governments. This includes the drinking water inspectors and all project leaders. Selecting themes, structuring the dialogue with stakeholders and the associated reporting is a process that we continually enhance.

4.3.1 DILEMMAS

Vitens makes an active contribution to the health and sustainability of society, via a dialogue with our stakeholders. Making choices and considerations as a company and a social partner sometimes leads to dilemmas. We deal with these in an open discussion. With which dilemmas are we confronted?

Which investments are required to ensure a sustainable future?

Many of our investments (in production and mains grid) have a time horizon of over thirty years. We extensively test our investments on business economics criteria. Vitens continuously works on the right balance. We aim for maximum support of sustainability and to keep adequate risk control regarding our investments.

How do we deal with the ageing population in a changing market?

Water distribution must be assured 24/7/365. Simultaneously, we are working on new and innovative solutions in order to make our society cleaner and more sustainable, and to reduce energy consumption. In order to carry out these tasks, qualified employees are essential. However, the employee population is aging and we are confronted with increasing scarcity of candidates with adequate technical education. Vitens' challenge is to invest in human capital in order to prevent a mismatch with our need for new inflow of future expertise.

How can we manage the underground soil jointly as adequately as possible?

Our raw material is ground water. Ground water is filtered through various layers of sand and is located in well-protected water layers in the ground. During the past ten years, the use of this ground layer has

significantly increased. In particular, water layers are drilled and used for storing cold or heat as a more sustainable form of heating and cooling buildings. As long as these WKO's (Heat and Cold Storage) are not placed in our water extraction areas, we are not worried. Or are we? What are the consequences, for example, of shale gas extraction? What if drilling affects our water reservoirs after all? The drinking water sector is slowly getting more active in this discussion.

4.3.2 THE WATER AND ENERGY NEXUS

In 2012, Vitens started up a study into the quantity of energy required for heating water within client households. It became clear that the main climate impact is determined by the energy that our client adds to the water. In particular the shower determines the client's energy cost level. This is important because we want to become more sustainable within the scope of our operations, and we aim to help our clients do the same. This is good for the environment and has a cost-saving effect. During 2012, various initiatives were launched to increase our clients' awareness of the connection between water and energy. These initiatives will be introduced in the course of 2013.

4.3.3 NATIONAL DISCUSSION SOIL CONTAMINATION

During the previous quarter, Vitens made a contribution to a Zembla TV show on soil contamination. Vitens' lobby message was presented, with the objective of restructuring soil remediation near drinking water extraction sites as much as necessary and possible. Environment Management works on achieving this goal by implementing an action plan. On 1 July 2013, the most urgent sites were included in a priority list to be prepared by the Ministry of Infrastructure & the Environment. A discussion on soil remediation with the public prosecutor has been prepared. Additionally, Vitens participates in a pilot 'area-based ground water management'. This pilot takes place in the Het Gooi area.

4.3.4 SUSTAINABILITY DAY

On National Sustainability Day (10 October 2012), Vitens employees received a surprise gift: a theme day on sustainable mobility in the style of the popular car magazine Top Gear. The various electric cars that Vitens has available for its employees were on display and ready for a test drive.

4.4 SUSTAINABLE PROCUREMENT

Sustainable procurement is an essential part of Vitens' sustainability strategy. During 2012, we applied NL Agency's criteria on 98% of all tenders. That is a 1% increase compared with 2011, although it still does not quite achieve the 100% target. NL Agency criteria are available for 45.6% of our procurement portfolio. In a single tender process (amounting to € 144,000), criteria were available but not applied.

We see the criteria of NL Agency as a basis of further expansion of our own sustainable procurement policy. Regarding the other procurement categories on which NL Agency does not provide any information, we imposed criteria at our initiative. This helps us attain maximum sustainability results during tender processes. This involves entering into a dialogue with the tendering parties focusing on exploring sustainable alternatives together. Our tender policy currently applies only to our direct suppliers and not to the suppliers of these suppliers.

If a supplier does not observe the criteria requirements, we first open a discussion, aiming to redress the situation. This did not occur during 2012.

Our buyers and project managers continually consult with suppliers and partners in order to guarantee compliance with the criteria and reaching sustainability targets.

Calamities, monitoring and procedures are embedded in our project management method. This also contains conditions regarding Vitens' Code of Conduct. This code expects observing the Dutch legislation and regulations, and also maintaining some important international agreements with respect to human rights (UN Treaty) and countering corruption.

The procurement procedures mainly focus on CO2 impact. We currently have not prepared any policy principles as we are still in the process of defining additional sustainability criteria for preparing a business case.

4.5 ENVIRONMENTAL POLICY

One of the main elements in our sustainability ambition is the way in which we take responsibility for our living environment. Our environmental policy aims to keep the environmental footprint of our activities to a minimum and to prevent any environmental impact where possible, in consideration of our primary company objectives. With our policy, we implement an environmental management system designed and certified in accordance with NEN-EN-ISO 14001.

To our environmental management system, 2012 was a transition year. Due to transferring from a region-based organisation to a process-driven organisation, assurance of environmental aspects in some departments was sub-optimal. This was redressed in the course of the reporting year. In spite of all activities concerning the reorganisation, almost all scheduled environmental measures were implemented and a large number of objectives were realised.

This continually tests whether the environmental management system works as described. During 2012, a number of internal audits and inspections were carried out. Furthermore, Dekra performed biannual surveys of the environmental management

system. The audit and inspection system provided a number of improvement points during 2012.

4.5.1 LEGAL AND OTHER REQUIREMENTS

Vitens anticipates to changes to legislation and regulations. During 2012, the first prioritisation phase of the project was completed, aligning our chemicals storage with the new requirements. In accordance with the transition rules, this should be realised by 2023.

During 2012, the new CROW-P307 was implemented in our business processes. The CROW-P307 is a guideline for safe and careful soil operations in contaminated soil.

4.5.2 ENVIRONMENTAL SUPERVISION AUTHORITIES

Vitens has been working with public bodies since 2007 to assure efficient and uniform environmental supervision in production sites. This has resulted in a number of projects where a limited number of inspectors perform the inspections for several public bodies.

Vitens' experiences in this field were evaluated and described in an evaluation report. The report was submitted to the administrative owner of the project and to a representative of the Ministry of Economic Affairs, Agriculture and Innovation (EL&I). With this report, Vitens aims to be able to share experiences with organisations that are also considering implementation of this new supervision method.

Environmental inspections by government

2010	2011	2012
49	38	28*

*) Including the inspections in the context of concern and system supervision

The number of government inspection visits further decreased in 2012. During the inspections, no serious non-compliance was detected.

In 2012, the Vitens Desk became operational. Documents and results of internal inspections are available to the responsible supervisory bodies through this online desk. This allows for a large part of the supervisory activities to take place via administrative inspections. Furthermore, some physical inspections are performed annually on a random sample basis. This inspection method saves both the government and Vitens a significant amount of time and money.

4.5.3 ENVIRONMENTAL INCIDENTS

We aim for maximum prevention and limitation of any activities that may negatively affect our water sources. We are therefore well prepared for responding to any threats and calamities.

Environmental incidents

2010	2011	2012
21	18	24

Environmental incidents in 2012 were mainly caused by technical failures of installations (resulting in exceeding the dumping standards) and incidents of oil leakage during maintenance work. Additionally, there were some third-party incidents (such as traffic accidents) concerning oil spills and dumps of waste substances. All incidents were adequately addressed and resolved.

4.6 ENVIRONMENTAL ASPECTS

4.6.1 DEHYDRATION

In some areas, pumping up water may lead to lowering the ground water level. This may affect the ecosystem. In these areas, Vitens takes measures to prevent the decrease of the groundwater level as much as possible.

In the context of dehydration, Vitens signed a covenant with the Province (ODDG) with agreements aimed at reducing dehydration in Gelderland.

During 2012, the following actions were completed:

- dehydration surveys: Zuid Veluwe, production sites: 't Klooster, Vorden, Amersfoort, Ellecom, Epe and Schalterberg;
- deepening extraction Eerbeek production site;
- laying transport pipes Haere/Elburg and Tiel/Waardenburg areas.

4.6.2 ENERGY CONSUMPTION

During 2012, the focus in reducing energy consumption was mainly on awareness and research. However, we still managed a 1% reduction. As much of the expansion during 2012 took place in the context of quality improvement, the aim for 2012 was to at least keep energy consumption at the same level. We were very successful in this regard.

Energy consumption production sites

	2010	2011	2012
Total kWh	153.811.807	153.639.913	151.716.876
kWh/m ³	0,439	0,444	0,439

Power consumption offices

	2010	2011	2012
Total kWh	7.709.532	6.918.250	6.925.354
Aardgas m ³	534.245	479.686	534.058
Stadswarmte (GJ) Lelystad	nb	955	941

Power consumption total electrics

	2010	2011	2012
Total kWh	161.521.339	160.558.163	158.642.230

During 2012, 160,000,000 kWh of energy was made sustainable with certificates of origin. Vitens has made purchased energy sustainable since 2008.

4.6.3 CO²-EMISSIONSEmissions in tonnes of CO²-equivalents

	2007	2011	2012
Scope 2 Direct emissions	42.704	45.902	45.263
Scope 2 Indirect energy	89.472	2.735*	2.380
Scope 3 Indirect emissions	36.942	15.419	15.595
Total	169.118	64.056	63.238

*) During 2007, we set ourselves the target of a 50% reduction by 2010 compared with the 1990 emissions (135,000 tonnes). This target was achieved in 2008 by ensuring the electric power purchased was sustainable (total emission in 2008: 65,000 tonnes of CO₂ equivalents).

The reduction of scope 1 in 2012 is due to fewer journey movements.
 Scope 2 is fully sustainable (a small percentage of the power purchased was grey during 2011).
 Scope 3 increased slightly due to using auxiliary substances.

4.6.4 RESIDUAL SUBSTANCES

Our objective was to deploy 100% of the aquatic iron and lime pellets for reuse. This was realised in 2012.

Residual substances in tonnes

	2011	2012
Liquid aquatic iron	33.315	28.300
Semi-solid aquatic iron	1.886	1.887
Lime pellets	18.567	19.363

4.6.5 AUXILIARY SUBSTANCES

The increase in the consumption of auxiliary substances is due to expansions in the context of water quality improvement.

Auxiliary substances (bulk most used) in tonnes

	2011	2012
Caustic soda (25, 33 and 50%)	12.540	13.986
Iron chloride	376	384
Kitchen salt*	-	375
Hydrochloric acid	214	209
Poly-alchloride	23	38

*) New auxiliary substance, used during decolouring.

4.6.6 WASTE SUBSTANCES

Company waste in tonnes

	2011	2012
Incinerated*	618	633
Reused	3.039	2.582
Total	3.649	3.215

Processing company waste as a %

	2011	2012
Incinerated	17	20
Reused	83	80

Hazardous waste in tonnes

	2011	2012
Asbestos cement	2.103	1.567
Other	451	66

* When incinerating waste, energy is generated.

The quantity of waste decreased during 2012. The target was an increase of at least 1% in the reuse percentage. We did not achieve that. The reuse percentage decreased by 3%. The clean-up actions that took place in the context of housing and reorganisation are the reason of the increase in combustible waste substances are.

4.6.7 WASTE WATER

When rinsing the water filters, iron-containing waste water is released. The waste water is purified before being discharged to the surface water. The water to be discharged must comply with the discharge requirements. Vitens does not want to exceed the limits. In some sites where structural problems occur regarding discharges (Culemborg, Rodenmors, Veenendaal), technical adjustments were made and studies were performed in order to find solutions. During 2012, the limits were exceeded eight times due to technical disorders. These were reported to the relevant authorities. The disorders have been resolved.



5.1 INTERNATIONAL ACTIVITIES

Vitens collaborates on development projects with Evides, a water company. We transfer our knowledge to improve drinking water and sanitary facilities in urban areas in African, Asian and South American countries. Vitens Evides International (VEI) invests in these projects directly and also receives support from other donors such as the World Bank. VEI offers Vitens employees an opportunity to choose a road less travelled.

The VEI partnership now has thirty water company partners in developing countries. Vitens and Evides contributed 3.5 million euros during 2012, 1.75 million of which was from Vitens. During 2011, Vitens' contribution amounted to 1.5 million euros. VEI is further expanding its activities. Additionally, VEI receives the support of non-governmental organisations such as the World Bank and Unesco-IHE. During 2012, nine new projects were started up in Ethiopia, Burkina Faso, Ghana, Kenya, Mozambique, Uganda, Suriname and Zambia. The goal of these projects is better management. This includes reducing leakage losses. But there is more.

VEI also provides advice for better financial administration, making the water companies more efficient. This makes them better positioned to attract loans and investors. This enables them to expand their facilities, supplying clean water to more people. We aim to ensure the water companies can stand on their own legs if VEI moves out.

WATER FOR LIFE

Water for Life is a charity foundation open to donors, organising a range of small-scale water projects in developing countries, such as tap points in poor neighbourhoods. The activities are carried out in countries where VEI has an existing partnership with water companies. This ensures continuity without Water for Life incurring any additional costs not directly spent on the projects.

DEVELOPMENT AID

The VEI and Water for Life initiatives are a result of the social responsibility of public companies. Our contributions are similar to development aid. However, indirectly, our activities can also contribute to the Dutch interests. The cabinet designated the water sector as a top industry and has ambitions in this respect. The presence of VEI in Rwanda, for example, ensured access for Dutch companies to a tender for new water mains.

OPPORTUNITY TO GAIN EXPERIENCE

VEI offers our employees opportunities. It allows them to gain experience in an unknown environment. Spending some time in Mozambique or Malawi changes a person's perspective on the world. It takes our employees to places where other rules apply. This is an ideal opportunity to choose a road less travelled and contributes to the more externally focused culture that we envision. Naturally, it is also highly motivating to give more people better access to a primary need.

5.2 INTERNATIONAL RESULTS

The number of projects of Vitens Evides International and Water for Life has increased substantially during 2012. This increase leads to a higher demand for short termers who are happy to roll up their sleeves in the project countries. Additionally, it is necessary to further professionalise the mission process, more than ever before. Vitens is working hard to ensure structural and adequate organisation of foreign missions.

Number of projects in 2012

A Northeast Africa	11
B Southern Africa	7
C West Africa	4
D Asia	4
E South America	3
Other	4
Total	33



Number of people in cities reached

2012: 36 million
2011: 22 million

Missions during 2012

Mozambique	92	Ghana	5
Malawi	26	Bangladesh	5
Kenya	23	Uganda	3
Ethiopia	19	South Africa	2
Zambia	6	Other	92
Suriname	6	Total	233

233

Number of trips

€5,6million

Project expenses

€450.000

Travel expenses

4820

Number of days abroad
(689 weeks)

5.3 VITENS EVIDES INTERNATIONAL

As the Netherlands' largest drinking water company with extensive knowledge of and experience in water, Vitens also makes an effort to help people outside the national borders. Vitens is internationally active in countering worldwide drinking water problems.

Vitens Evides International is the partnership between Vitens and Evides Waterbedrijf. During 2012, Vitens Evides International has been active in many countries, helping to resolve the lack of clean and safe drinking water and adequate sanitation. Partnership was definitely the key word this year. Vitens Evides International signed a contract with UNESCO-IHE, and decided to collaborate with the Institute for Water Education, focusing on reinforcing water companies in other countries. Together, UNESCO and Vitens Evides International aim to contribute to better water and sanitation facilities in urban areas. Due to rising urban populations, its urgency is set to increase in

the next few years. As Professor András Szöllösi-Nagy, rector of the institute, put it: 'The battle for water has begun.' Another wonderful development has arisen from this partnership: Maria Pasqual became the new UNESCO lector from Vitens Evides International.

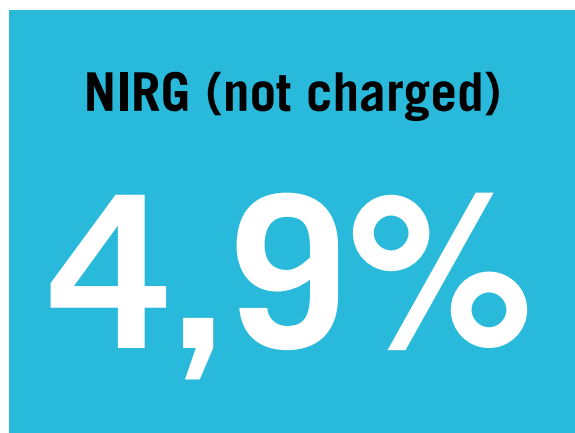
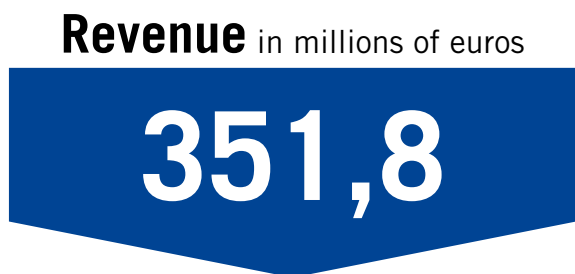
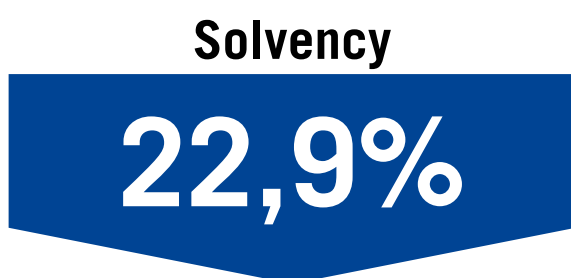
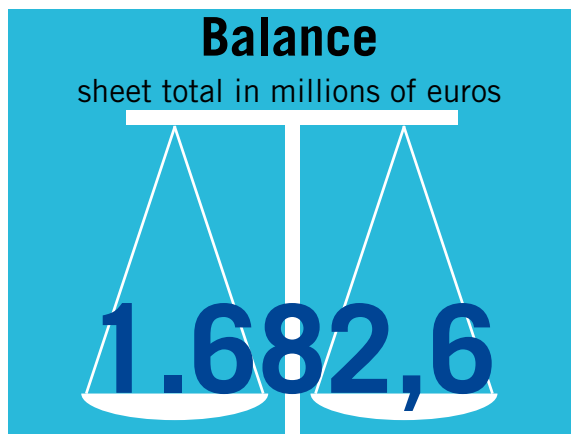
During 2012, Vitens Evides International focused in particular on the countries Kenya and Bangladesh. For example, Vitens CEO Lieve Declercq signed a contract with Mombasa Water & Sanitation Co. Ltd when visiting Kenya. Aquanet and Water and Sanitation for the Urban Poor (WSUP) also joined in this new partnership.

Vitens Evides International publishes its own annual report on www.vitensevidesinternational.com.

5.4 WATER FOR LIFE

The Water for Life foundation is the client fund of Vitens and Evides Waterbedrijf. Clients of these two drinking water companies can donate money and the total is used to set up drinking water and sanitation projects in rural areas of African and Asian countries. These projects are carried out by employees of Vitens and Evides Waterbedrijf. They share their knowledge and expertise with people in the project countries.

Water for Life publishes its dedicated annual report on www.waterforlife.nl.



NOTES TO THE 2012 RESULTS

As a public company, Vitens has a contribution to make towards reducing the costs incurred by society. A drinking water company with a natural monopoly has a duty to spend its clients' money and that of its public shareholders responsibly.

In order to guarantee continuity and to be able to fulfil stakeholder wishes and requirements in the long term the financial policy was adjusted in 2012. The solvency target (based on guaranteed capital¹) was increased from 25% to 30%. This serves to continually lend Vitens access to the money and capital markets at conditions acceptable to Vitens N.V.

Additionally, we will permanently and continuously aim for efficiency and effectiveness. This is reinforced by the current financial crisis and pressure from public bodies to realise spending cuts. In the coming years, Vitens N.V. will further optimise its processes in a client-driven and efficient design in order to keep drinking water rates low.

The annual plan 2013-2015 expresses the ambition to refrain from increasing the 2014 and 2015 drinking water rates, on the condition of fulfilling the continuity objective².

In May 2011, the Administrative Accord on Water (BAW) was concluded between the Government, the Association of Dutch Municipal Councils (VNG), the Interprovincial Platform (IPO), the Water Boards Union (UvW) and the Association of Dutch Water Companies (VEWIN). Structural savings are possible when working more efficiently and effectively. The Administrative Accord Water sets out that parties aim for a gain in effectiveness annually amounting to € 750 million by 2020, € 70 million of which at the expense of the drinking water companies. In 2013, a report will be submitted in this respect based on the 2012 benchmark (mandatory part of the Safe Drinking Water Act) and an improvement plan will be prepared.

The Safe Drinking Water Act became effective on 1 July 2011. Major financial aspects are rate control and solvency. The Safe Drinking Water Act sets a maximum to the asset costs that the water companies may charge to the client (rate control) and the maximum allowed rate of the equity in the total assets

(solvency). On 1 November, the minister determines both financial aspects for the next two calendar years. For 2012 and 2013, the weighted average cost rate was set to 6% with a maximum solvency rate of 70%. In late 2012, Vitens N.V. complied with both percentages. In 2012, Vitens formally reported on the allowed asset costs on the 2011 financial year and the rate structure of 2012 to the Ministry of Infrastructure and the Environment.

The groundwater tax (19.63 cents/m³) was abolished as of 1 January 2012. The benefit of this abolishment was fully passed on to our clients. The rates for the large business accounts were decreased by 20 cents/m³ from 1 January.

The variable rate for residential clients was reduced by 24.5 cents/m³, with a simultaneous increase of the annual capacity rate by € 5.

In late 2012, the company detected that approximately € 2 million of the abolished ground water tax total of € 70 million had not been passed on to the clients. This concerns approximately 0.5 cents/m³ (effect on the average client per year: 50 eurocents). Vitens decided against increasing the drinking water rates for inflation in 2013, instead keeping the rates at the same level as in 2012. This was covered by the remainder of the abolished ground water tax that had not yet been paid out to the clients.

Over 2012, an amount of € 112.9 million (2011: € 112.5 million) was invested, excluding third-party contributions). Major projects completed in 2012 include new construction of the production sites Tuil and 't Waal, Aquaterp, La Cabine (Arnhem) and the renovation of the Amersfoortse Berg site. Key continuous investment projects in 2013 include sustainable use of methane Spannenburg, projects BEEL (Assessments External Effects Mains) and new construction production sites Vechterweerd, Manderveen and Holten.

Due to Vitens' high investment level and the refinancing of the expiring loan agreements, the company's capital requirement will stay at a high level for the coming years. A large portion will have to be covered by loan capital. In the current economic climate, at-

¹ Guaranteed capital: equity capital + subordinated loans.

² Continuity: Vitens N.V. aims for an operating result adequate for covering interest and dividend to be paid to the capital providers. Additionally, Vitens N.V. aims to have a buffer (solvency rate) to cover unexpected circumstances. The size of this buffer is defined as: 'equity amounting to at least 25% of the balance sheet total and a guaranteed capital (equity + subordinated loans) amounting to at least 30% of the balance sheet total.'

tracting new loans is no longer self-evident. Not only are the banks' premium rates higher and are longer-term loans not easily provided anymore, the continuity of banks is also no longer a given. To Vitens N.V., it is important to continue its close monitoring of market developments and to translate the consequences to the company. Major points of attention include the availability, liquidity and counterparty risks, and reviewing financing alternatives.

In 2012, Vitens N.V. attracted € 50.0 million of new loans and redeemed an amount of € 69.5 million on existing loans.

During the past year, the company further worked on the improvement of revenue accounts and reconciliation of balance sheet items relevant to advance invoicing of Vitens N.V.' revenue. This revenue is based on the total of water quantities supplied by third parties. Vitens N.V. applies a revenue calculation system allocating the actual measured consumption to months/years. As a consequence, at each year-end, approximately 40% of the revenue on the relevant financial year was actually invoiced in accordance with the ac-

tual metered totals and approximately 60% based on simulated consumption. Due to these improvements, a € 4.3 million correction has been applied to the comparing figures of 2011 due to the balance 'Revenue to be invoiced' being too high during the migration from Hydron to Vitens N.V. This correction applies to two balance sheet items, i.e. 'trade payables and other payables' and 'general reserve' as part of the equity. This concerns a material error on previous years (2006-2008) which was therefore recognised in the opening balance of 2011. This results in a 0.2% decrease in the solvency rate.

6.2 CONSOLIDATED RESULTS

6.2.1 REVENUE

2012 water consumption of both households and companies (329.8 million m³) remained virtually equal to the 2011 level (329.2 million m³). The average consumption per connection has also remained stable. Net revenue was lower by € 65.2 million at a total of 351.8 million (2011 € 417.0 million). This is caused by the abolishment of the ground water tax as of 1 January 2012, for which the rates were corrected. Grid supply during 2012 stood at 346.7 million m³ (2011: 347.5 million m³). The preliminary NIRG percentage (Not Charged) is 4.9%, which is a decrease compared with the 2011 NC percentage (5.7%). The other income in 2012 decreased by € 4.7 million to a total of € 34.2 million (2011: € 38.9 million). This is mainly due to lower debt collection income due to the introduction of the new Debt Collection Costs Act (WIK) and the fact that a number of 'hitchhikers' terminated their contract with Vitens N.V.

6.2.2 OPERATING COSTS

The balance of the operating costs decreased by € 60.2 million compared with 2011 to a total of € 311.9 million. This is mainly due to:

- the ground water tax being abolished in 2012 (€ 65.9 million);
- increase of personnel costs due to a € 0.6 million addition to the reorganisation reserve in 2012, whereas a € 4.2 million release was recognised during 2011 due to revising the business plans;
- lower depreciation costs in 2012 (€ 1.2 million) due to lower regular depreciations (€ 4.5 million). During 2012, impairments amounting to € 9.2 million were recognised under Depreciation and Amortisation due to changing market conditions and revising the accommodation policy (2011: € 5.9 million).

6.2.3 OPERATING RESULT

The 2012 operating result amounts to € 74.1 million (2011: € 83.8 million).

6.2.4 FINANCIAL INCOME AND EXPENSES

The balance of financial income and expenses decreased to € 44.3 million during 2012 (2011: € 48.0 million). This is due to the fact that Vitens N.V. benefited from low short-term interest rates in 2012 while attracting fewer new loans (2012: € 50 million) than the actual repayments (2012: € 69.5 million), also due to selling shares to the Province of Friesland in late 2011. The interest rate levels were fixed for several years for 78.1% (2011: 79.3%) of the loan capital. This provides stability in the interest expenses in the course of the years, reducing the influence of fluctuations in the market interest.

6.2.5 RESULT TO BE ALLOCATED TO SHAREHOLDERS

The net result to be allocated to Vitens N.V.'s shareholders amounted to € 29.6 million in 2012 (2011: € 36.0 million).

6.2.6 EQUITY

The equity capital decreased by € 12.2 million during 2012 to a level of € 386.1 million. The decrease in the equity is caused by a reduction of the hedge reserve due to a further decrease in the value of derivatives (€ 26.2 million), addition to the result 2012 (€ 29.6 million) and the dividend paid out during 2012 on the 2011 financial year (€ 15.5 million).

The hedge reserve for unrealised adjustments to the real value of financial instruments due to application of the cash flow hedge account system decreased by € 26.2 million during 2012 to a negative value of € 85.9 million (2011: € 59.7 million).

This takes the solvency as of 31 December 2012 to 22.9% (2011: 23.7%).

After adoption of the proposal for profit allocation, an amount of € 14.7 million will be added to the reserves and an ordinary dividend of € 14.9 million will be paid out after the dividend decision has been discussed in the General Meeting of Shareholders.

6.2.7 CASH FLOW / FUNDING

As was the case in 2011, the cash flow from operational activities amounting to € 134.5 million (2011: € 145.9 million) was adequate to finance the investment activities amounting to € 105.4 million (2011: € 99.3 million). During 2011 and 2012, this enabled the company to make repayments on long-term loans. In 2012, Vitens N.V. attracted € 50.0 million of new loans (2011: nil) and redeemed an amount of € 69.5 million on existing loans (2011: € 71.9 million).

The net investment amounted to € 106.2 million during 2012 (2011: € 103.3 million). For 2013, a slightly higher investment level is forecast (approximately € 113 million), which will result in an increased financing requirement.

6.2.8 RATES AND HARMONISA

As of 1 January 2012, the cost-increasing groundwater tax was abolished (approximately € 65 million). The benefit of this abolishment was fully passed on to our clients. The rates for the large business accounts have been decreased by 20 cents/m³ as of 1 January. The variable rate for residential clients was reduced by 24.5 cents/m³, with a simultaneous increase of the annual capacity rate by € 5.

Vitens will keep the average drinking water rate for its clients at the same level, with a gradual increase in the share of the capacity rate. This will ensure better alignment of the rates and the cost of water as a product.

During 2012, the harmonisation of the rates for large business accounts was further implemented. Eventually, in 2015, we will achieve full harmonisation of all rates in our service area.

6.3 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet as at 31 December

ASSETS		31-12-12	revised 31-12-11
In millions of euros			
Non-current assets			
Property, plant and equipment	1.638,0		1.628,4
Associates and joint ventures	8,2		8,4
Other financial assets	0,6		0,6
		1.646,8	1.637,4
Current assets			
Stocks	5,0		4,6
Trade and other receivables	30,8		38,4
		35,8	43,0
Total assets		1.682,6	1.680,4
LIABILITIES			
In millions of euros		31-12-12	31-12-11
Equity			
Share capital	5,7		5,7
Share premium reserve	147,2		147,2
Revaluation Reserve	0,4		1,9
Hedging Reserve	-85,9		-59,7
Other reserves	289,1		267,2
Financial year result	29,6		36,0
Total equity		386,1	398,3
LIABILITIES			
Non-current liabilities			
Equalisation account, third-party contributions	27,4		18,4
Subordinated loans	100,6		113,1
Long-term loans	852,6		850,2
Derivatives	85,9		59,7
Payroll provisions	10,4		12,8
Other provisions	8,2		8,3
		1.085,1	1.062,5
Current liabilities			
Trade payables and other payables	137,5		148,0
Tax liabilities	9,8		14,6
Interest-bearing liabilities	31,2		25,3
Short-term personnel costs	21,1		22,1
Accruals and deferred liabilities	11,8		9,6
		211,4	219,6
Total liabilities		1.682,6	1.680,4

6.4 CONSOLIDATED INCOME STATEMENT

In millions of euros	2012	2011
Net revenue from delivery of goods and services	351,8	417,0
Other income	34,2	38,9
Total operating income from ongoing business activities	386,0	455,9
OPERATING EXPENSES		
Work contracted out and temporary staff	36,2	38,2
Groundwater tax and levies	4,8	70,7
Other expenses	94,2	90,9
Personeelskosten	78,9	73,3
Depreciation and impairments of plant, property and equipment	97,8	99,0
Total operating expenses	311,9	372,1
OPERATING RESULT	74,1	83,8
Financial income	-	0,7
Financial expenses	-44,3	-48,7
Share in result of associates and joint ventures	-0,2	0,2
	-44,5	-47,8
RESULT BEFORE TAX	29,6	36,0
Tax	-	-
RESULT AFTER TAX	29,6	36,0
Of which:		
Result to be allocated to shareholders of Vitens N.V.	29,6	36,0

6.5 CONSOLIDATED STATEMENT OF REALISED AND UNREALISED RESULTS

In millions of euros	2012	2011
Consolidated result after tax accruing to the legal entity	29,6	36,0
Changes in effectively hedging interest swaps	-26,2	-31,1
Total realised results	3,4	4,9
Revaluation of office buildings	-	-0,8
Total non-realised results	-	-0,8
Total realised and non-realised results	3,4	4,1
Of which:		
Result to be allocated to shareholders of Vitens N.V.	3,4	4,1

6.6 CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	2012	2011
Result after tax	29,6	36,0
Adjustments for:		
Financial income and expenses	44,3	48,0
Depreciation and impairments of plant, property and equipment	96,4	97,6
Amortisation of equalisation account contribution from third parties	-0,7	-0,4
Other changes in provisions	2,9	-2,1
Other changes in financial fixed assets	0,2	-0,3
	143,1	142,8
Changes in working capital:		
Trade receivables, prepayments and accrued income	7,6	1,4
Stocks	-0,4	0,3
Trade payables, accruals and deferred income	-4,0	9,3
	3,2	11,0
Equalisation account contributions received from third parties	9,7	9,8
Releases from provisions	-5,6	-2,9
Cash flow from operating activities	180,0	196,7
Interest income	-	0,7
Interest expenses	-45,5	-51,5
	-45,5	-50,8
Cash flow from operating activities	134,5	145,9
Loan repayments received	-	0,3
Investment in plant, property and equipment	-105,5	-102,9
Divestments	0,1	3,3
Cash flow from investment activities	-105,4	-99,3
Long-term loans taken out	50,0	-
Repayments of long-term loans	-57,0	-59,3
Repayments of subordinated loans	-12,5	-12,6
Share issue	-	52,9
Dividend pay-out	-15,5	-13,4
Changes in interest-bearing liabilities	5,9	-14,2
Cash flow from financing activities	-29,1	-46,6
Net cash flow	-	-
Changes in cash and cash equivalents	-	-
Changes in cash	-	-

6.7 KEY FIGURES

		2012	2011	2010	2009	2008
Clients						
Number of connections at 31 December	x1.000	2.467	2.437	2.392	2.374	2.340
Average drinking water price per m ³ small-scale consumption	€	1,08	1,28	1,29	1,29	1,28
Consumption per connection small-scale consumption	m ³	119	119	119	119	120
Personnel						
Number of employees with permanent at 31 December		1.406	1.431	1.486	1.485	1.487
Company results						
Total revenue	mIn €	386,0	455,9	453,6	445,9	450,3
Net revenue	mIn €	351,8	417,0	416,8	408,0	414,8
Operating result before depreciation (EBITDA)	mIn €	171,9	182,8	161,2	165,0	166,9
Operating result (EBIT)	mIn €	74,1	83,8	75,1	81,5	85,7
Resultaat toe te rekenen aan aandeelhouders Vitens N.V.	mIn €	29,6	36,0	26,9	25,0	28,6
Profit margin	%	7,7	7,9	5,9	5,6	6,4
Interest coverage		3,9	3,8	3,3	2,9	2,9
Shareholders' equity	mIn €	386,1	398,3	359,0	353,8	342,1
Total equity	mIn €	1.682,6	1.680,4	1.681,6	1.668,7	1.638,2
Total interest-bearing debt	mIn €	1.044,6	1.058,5	1.145,3	1.157,9	1.139,8
Investments	mIn €	106,2	103,3	101,7	115,5	85,6
Solvency	%	22,9	23,7	21,3	21,2	20,9
Property, plant and equipment per connection	€	664	668	680	685	674
Costs per connection [1]						
Operating expenses	€	-	74	83	79	83
Tax	€	-	29	31	31	31
Depreciation	€	-	41	37	35	35
Financing expenses	€	-	18	21	24	25
Result	€	-	15	11	11	11
Capital costs	€	-	33	32	35	36
Total costs	€	-	177	183	180	185
Non-Financial						
Production and procurement, exclusive of bulk	mIn m ³	346,7	347,5	350,3	348,8	350,0
Deliveries to clients	mIn m ³	329,8	329,2	329,8	329,7	328,1
Not Charged (NIRG)	%	4,9	5,7	5,9	5,5	6,2
Number of active production plants		97	97	96	96	96

[1] Calculated according to VEWIN (Association of Dutch Water Companies) Benchmark definitions. Benchmark data on 2012 will become available in September 2013.

6.8 REMUNERATION OF THE EXECUTIVE BOARD

The remuneration consists of a basic salary, pension and other compensation. The breakdown is given below:

In euros	Salary	Pensions	Other	Total 2012	Total 2011
L.C.A. Declercq (from 1 September 2012)	60.999	10.244	2.292	73.535	-
W.H.J. Odding	168.489	27.160	9.978	205.627	199.749
Prof. W.G.J. van der Meer (until 1 February 2012)	14.041	2.122	653	16.816	200.410
R.H. van Terwisga (until 1 November 2011)	-	-	-	-	515.778
Total	243.529	39.526	12.923	295.978	915.937

The costs of social insurance charges, payment in lieu of holidays and the 2012 crisis levy are shown in 'Other'.

Mr R.H. van Terwisga resigned as CEO of Vitens N.V. on 21 November 2011 and stepped down from the Executive Board of Vitens N.V. His employment contract was terminated on 1 June 2012. The severance costs were recognised in the 2011 annual financial statements.

In late 2011, Prof. W.G.J. van der Meer announced he would leave his position as a Board Member of Vitens N.V. and left the company on 1 February 2012.

On 1 September 2012, L.C.A. Declercq was appointed Chairman of Vitens N.V.'s Executive Board.

EXECUTIVE BOARD REMUNERATION POLICY

During the General Meeting of Shareholders of 14 June 2012, the meeting approved the new Executive Board remuneration policy. This remuneration policy is in line with the provisions in the Safe Drinking Water Act and the Standardisation of Remuneration for Senior Officials in the Public and Semi-Public Sector Act (WNT).

No loans, advances or guarantees were provided to the members of the Executive Board.

6.9 REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

The remuneration of the Supervisory Board members consists of a holiday allowance, an expense allowance and a healthcare insurance contribution.

In euros	2012	2011
A. van der Velden (Chairman until 24 November 2011; from 1 October 2012)	26.385	29.532
ir. A. van der Velden (gedelegeerd commissaris)	159.088	-
M.L. van Kleef (Chairman from 24 November 2011 until 1 October 2012)	26.684	23.243
T.A. de Man	23.429	23.243
T. Menssen	21.500	21.500
M.C.J. Poulussen	23.429	23.243
Total	280.514	120.761

As a delegated supervisory director, Mr A. Van der Velden took over some of the tasks of the resigned CEO from 24 November 2011. The gross allowance for these tasks amounts to € 1,250 per day (excluding other costs). As a result, M.L. van Kleef temporarily became Chairman of the Supervisory Board. During 2012, a total amount of € 149,063 (2012: 105,25 days; 2011: 14 days) was paid out to A. van der Velden for these tasks and € 10,025 for other costs incurred as a delegated Supervisory Board member. On 1 October 2012, A. van der Velden withdrew as a delegated Supervisory Board member.

The current remuneration policy of the members of the Supervisory Board was adopted by the General Meeting of Shareholders on 16 June 2011. The new remuneration policy was signed for approval during the Supervisory Board meeting of 14 February 2013. This remuneration policy is in line with the provisions in the Safe Drinking Water Act and the Standardisation of Remuneration for Senior Officials in the Public and Semi-Public Sector Act (WNT) and will be confirmed during the Meeting of Shareholders of 14 May 2013.

6.10 STATEMENT OF THE INDEPENDENT FINANCIAL AUDITOR

To: the General Meeting of Shareholders and the Supervisory Board of Vitens N.V.

Please find enclosed the abridged annual financial statements, consisting of the abridged balance sheet as at 31 December 2012, the abridged income statement, the abridged statement of changes in equity and the 2012 abridged cash flow statement with the Notes. These statements were derived from the audited annual financial statements of Vitens N.V. as at 31 December 2012. We provided a certifying auditor's report to these annual financial statements in our financial audit report of 19 April 2013. The relevant annual financial statements and this summary do not contain any events that took place subsequent to our certifying auditor report of 19 April 2013.

The summary of the annual financial statements does not include all Notes required pursuant to the International Financial Reporting Standards as accepted within the European Union and Title 9 Book 2 of the Dutch Civil Code. Therefore, reviewing the summaries of the financial statements cannot replace reviewing the full audited annual financial statements of Vitens N.V.

Management's responsibility

The Management is responsible for preparing a summary of the audited annual financial statements in accordance with the principles as set out in the Notes.

Auditor's responsibility

Our responsibility is to assess the abridged annual financial statements based on our audit activities, performed in accordance with Dutch law, including Dutch Standard on Auditing 810 'Instructions to report on abridged financial statements'.

Opinion

In our opinion, the abridged annual financial statements in all aspects of material importance is consistent with the audited annual financial statements of Vitens N.V. as at 31 December 2012 and are in accordance with the principles set out in the Notes.

Zwolle, 19 April 2013

Ernst & Young Accountants LLP

p/o J. Hetebrij RA



7.1 AMBITION AND OBJECTIVES

Vitens' mission is clear. Delivering reliable drinking water 24/7/365 at the lowest possible social cost. That is and remains our basis. This is our drive to work on innovations, sustainability and flawless operations every day.

Our task does not stop at ensuring good drinking water and appropriate services. Seeking the dialogue creates awareness of the added value of water. We want to enable clients to organise their own water household, among other things by developing

products and services that enable them to do just that. Together with its stakeholders, Vitens aims to ensure more benefits from water. We do this based on five strategic goals: be close to the client, take more personal responsibility, reduce the social cost, increase sustainability, and expand international activities. These strategic goals formed the blueprint for both policy and projects during 2012. This report was also based on these five goals.

7.2 CORPORATE GOVERNANCE REPORT

Water belongs to everyone. As a public company, Vitens has the task to make clean, safe drinking water from water. It is our duty to provide transparency on the way we do this.

CODE

Transparency is a key principle within Vitens. This is why the Dutch Corporate Governance Code (the Code), containing guidelines on responsible and adequate governance, is applied on a voluntary basis. Furthermore, the Code provides a framework for the relationship with the company's stakeholders, such as the stakeholders, employees, clients and society as a whole. Vitens has implemented all best practice provisions set out in the Code in its business processes insofar these are applicable to a drinking water company with public shareholders. Only one best practice was not adopted. This concerns the provision that 'an executive director will be appointed for a maximum period of four years. Each reappointment is subject to a maximum period of four years.' The current contracts of the Vitens executive directors are on a permanent employment basis and these are observed.

Please find various rules, bylaws and other documentation regarding Vitens' Corporate Governance at www.vitens.nl.

EXECUTIVE BOARD

Vitens N.V. (referred to as Vitens in this report) is an NV company (limited liability company). The Executive Board is responsible for its daily management. In 2012, the Executive Board consisted of two persons.

COMMISSIONS OF THE SUPERVISORY BOARD

Supervision of the Executive Board and the general course of business within Vitens is a task of the Supervisory Board. Its members are appointed by the General Meeting of Shareholders.

The Supervisory Board's bylaws contain a provision regarding the maximum term of office of the Supervisory Board in accordance with the best practice provision III.3.5 in the Code.

COMMISSIONS OF THE SUPERVISORY BOARD

The Supervisory Board has three permanent committees. The Project Committee focuses on the long-term planning and supervision of investment in assets and infrastructure, as well as the leading investment projects within Vitens. The Audit Committee reviews the financial side of Vitens and its accounts. The Remuneration and Appointment Committee focuses, among other things, on the remuneration policy and appointments of executive directors.

THE GENERAL MEETING OF SHAREHOLDERS

The social capital of the company amounts to 18 million shares with a nominal value of € 1 each. Shareholders are exclusively statutory public entities acting at their own risk and expense.

An overview of the Shareholders is included in the separate edition 2012 Financial Results, and can also be found on www.vitens.nl.

SHAREHOLDER COMMITTEE

In 2008, the Meeting of Shareholders appointed a committee among its members. This Shareholder Committee convenes at least twice a year and has an advisory role to the Meeting of Shareholders, the Executive Board and the Supervisory Board. This concerns issues such as appointment and dismissal of Vitens executive directors, the remuneration policy of the executive directors and policy-related topics such as the rate and dividend policy.

7.3 REPORT OF THE SUPERVISORY BOARD

To Vitens, 2012 was the turn-around year. Unfortunately, we had to conclude 2011 with the departure of the Chairman of the Board and another Board member. Combined with an organisation suffering from insecurity due to delayed reappointment of the employees in the new organisation structure, finding the way forward again was imperative in 2012. We succeeded in setting the course, concluding the year with a new Chairman of the Board and a challenging annual plan to which many in the organisation contributed. In spite of this turbulence, Vitens again managed to ensure that the drinking water quality, reliability of delivery and service provision remained at a very high level. This is quite a performance!

On 1 January 2012, a new management model was introduced, with the Executive Board and five first-line managers of the core departments, together with the Finance & Control and HR managers, forming the Operational Committee. This committee serves for decision-making on operational issues. Additional committees were instated for investment and strategic issues. With this structure, the Executive Board and the first line were brought together. This increases the decision-making quality and reinforces the joint responsibility for following up on decisions and agreements. This new structure has worked to full satisfaction.

As of 1 May, the organisational pivot (from region-based to core process driven) has been complete. This means that everyone is in his/her new place and the induction periods started. Unfortunately, no positions could be found for approximately twenty employees. They were covered by the Social Plan. The annual planning process, by its nature and chosen approach, certainly contributed to this induction process.

As of 1 September, Ms Declercq has joined the company as the new Chairman of the Board. After one induction month, she took over the Chairmanship from the delegated Supervisory Board member, Mr Van der Velden, on 1 October. Immediately upon joining the company, she jumped on the running annual plan train and signed it.

Together with Mr Odding, the continuous factor within the Board, she will suit the action to the word and realise Vitens' ambitious operational and strategic goals.

ANNUAL FINANCIAL STATEMENTS AND DIVIDEND PROPOSAL

This annual report contains the Executive Board's report and Vitens N.V.'s annual financial statements, which were audited by Ernst & Young Accountants and adopted by the Supervisory Board. We propose the General Meeting of Shareholders to adopt the

2012 annual financial statements as presented and to discharge the Supervisory Board for the policy as executed by the Executive Board as set out in the annual financial statements and the report, and for the supervision performed by the Supervisory Board.

The profit on the 2012 financial year amounts to € 29.6 million. The Supervisory Board and the Executive Board propose adding an amount of € 14.7 million to the reserves in view of our targeted solvency. The portion available to the shareholders amounts to € 14.9 million. We propose paying out this amount as a dividend on 2012. This would take the dividend on 2012 to € 2.57 per ordinary share.

COMPOSITION OF THE SUPERVISORY BOARD

The composition of the Supervisory Board did not change during 2012. However, due to Mr Van der Velden performing the role of delegated Supervisory Board member, Ms Van Kleef performed the role of Chairman of the Board until 01-10-2012 to full satisfaction.

COMPOSITION AND TASKS OF THE EXECUTIVE BOARD

Until 1 October 2012, the organisation was managed by Mr Odding and Mr Van der Velden, the latter as a delegated Supervisory Board member. As of 1 October, the Executive Board consists of two members with the following tasks.

Ms L.C.A. Declercq

Asset Management, Design & Construction, Extraction & Purification, Human Resources, Communication, Legal and Administrative Support, Vitens Evides International BV and Water for Life

Mr W.H.J. Odding

Client & Invoicing, Network Management & Supply, Finance & Control, Business Development, Laboratory, Information Management, IT Service Delivery & Management, Facilities Management, Aquario BV and Facturatie BV.

MEETINGS DURING 2012

The Supervisory Board had six plenary meetings during the reporting period, each without any absentees and in the presence of the Executive Board. The quarterly meetings were dedicated to the developments within Vitens. This served to review the financial statements and the quarterly financial statements, the investment plan, the budget and the drinking water rates for 2013. The meeting in which the annual financial statements, the auditor's report and the management letter were discussed was attended by the external auditor.

In the meeting of 12 April 2012, the company decided on changing the financial policy. The continuity objective within the financial policy was adjusted by steering on an increase in the solvency from 20% to 25% and for the guaranteed capital from 25% to 30%. Due to repayment of the subordinated loan, the targeted solvency will 'automatically' be moved towards the 30% mark. During the Meeting of Shareholders in June 2012, this amendment to the financial policy was adopted by the shareholders.

During the meeting of 14 June, the Supervisory Board approved the amended Supervisory Board rules and the Executive Board rules. On the one hand, the text required edits and on the other, amended legislation and regulations, such as the Safe Drinking Water Act and the Standardisation of Remuneration for Senior Officials in the Public and Semi-Public Sector Act, necessitated an update. These amendments ensure that Vitens' rules and bylaws are fully aligned to the Dutch Corporate Governance Code, the 'Code Tabaksblat'.

In the meeting of 8 November 2012, the Supervisory Board decided to propose in the General Meeting of Shareholders to appoint PricewaterhouseCoopers (PwC) as the external auditor for a three-year period, with a maximum of two subsequent renewal period of two years. This proposal was adopted in the relevant meeting of Shareholders. The period with PwC starts with auditing the 2013 annual financial statements. During the meeting of 8 November, the Executive Board also presented the integral business plan 2013-2015, which was presented to the Supervisory Board for its approval. The Supervisory Board approved the business plan, wishing the Executive Board and the organisation all the best with the implementation.

COMMITTEES IN 2012

The Supervisory Board works with three Committees: the Audit Committee, the Project Committee and the Remuneration and Appointment Committee.

The Audit Committee

The Audit Committee convened three times in 2012. The external auditor attended the two regular meetings of the Audit Committee. The Audit Committee prepared for the plenary Supervisory Board meeting by reviewing the annual financial statements, discussing the auditor reports and the management letter. Furthermore, the integral business plan 2013-2015, the investment plan 2013-2017, the audit plan, the financial policy, the top company risks, and the 2013 drinking water rates were discussed. The Committee also paid attention to the investment projects amounting to over € 1 million.

The third Audit Committee meeting focused on the treasury annual report, the annual evaluation of the auditor services, issues regarding financing and

refinancing, and Vitens' derivatives policy. During this meeting, the updated treasury rules were extensively reviewed. This eventually resulted in adoption of the updated rules during the meeting of the Supervisory Board of 8 November 2012.

The Project Committee

The Project Committee convened twice during 2012. Progress of the running projects involving an investment amount over € 1 million was discussed. Furthermore, the investment plan 2013-2017 was reviewed in order to prepare for final approval from the Supervisory Board meeting of 8 November 2012. During the meeting of 25 October, the policy relating to process automation was discussed. This is the prelude to a large-scale programme to be started up in 2013 with the aim of mitigating the risks relating to process automation.

The Remuneration and Appointment Committee

The Remuneration and Appointment Committee convened three times during 2012. During the meetings, the remuneration policy, aligned with the Standardisation of Remuneration for Senior Officials in the Public and Semi-Public Sector Act, was prepared. Subsequently, it was approved by the General Meeting of Shareholders of June. The committee also assisted in the recruitment and selection process for the new Chairman of the Board. This resulted in the appointment of Ms Declercq in the Meeting of Shareholders of June 2012. This Committee also intensively focused on the recruitment and selection process for filling the Supervisory Board opening in 2013. Vitens does not apply any bonus system. Achieving the social results is seen as a daily task and is not related to a bonus.

SHAREHOLDERS AND THE GENERAL MEETING OF SHAREHOLDERS

In addition to the General Meeting of Shareholders, a Shareholder Committee was appointed by and from the meeting shareholders meeting in 2008.

SHAREHOLDER COMMITTEE

The Shareholder Committee has an advisory role to the General Meeting of Shareholders, the Executive Board and the Supervisory Board. The Shareholder Committee convened twice in the reporting year. Consecutive to these meetings, the Shareholder Committee met for consultation with the Chairman of the Supervisory Board and the plenary Executive Board. The meetings served to discuss the 2011 annual financial statements, the recruitment and selection process for the new Chairman of the Executive Board, and the drinking water rate structure. Additionally, the Shareholder Committee shared the impression that the Provinces and Vitens need more mutual consultation at an administrative level, in particular regarding cases with a shared interest. The Shareholder Committee reported on its activities in the Shareholder

Meetings of June and December 2012. The composition of the Shareholder Committee is listed at www.vitensjaarverslag.nl.

GENERAL MEETING OF SHAREHOLDERS

Two General Meetings of Shareholders were convened. In the General Meeting of Shareholders of 14 June, members discussed the 2011 annual financial statements and adopted the 2011 annual financial statements. During the same meeting, the shareholders approved of the updated remuneration policy for the Executive Board, the reappointment of Mr A. van der Velden as a Supervisory Board member until the General Meeting of Shareholders in May 2013. During this meeting, the shareholders also approved the appointment of Ms Declercq as Vitens' Chairman of the Executive Board.

In December, the General Meeting of Shareholders discussed the 2013 budget and approved the 2013 rate proposal.

CONFLICTS OF INTEREST

Based on the Corporate Governance Code, a member of the Executive Board or Supervisory Board must immediately report any potential or actual conflict of interest that may be of material significance to the company and/or the relevant Supervisory Board or Executive Board member to the Supervisory Board, and provide all and any relevant information. During the reporting year, Ms Menssen informed the Supervisory Board of her new position as a member of the Executive Board of Royal BAM Group as of 1 October 2012. BAM is one of Vitens' larger suppliers. In view of the nature of the services, however, any decision-making regarding awarding orders will not take place within the Supervisory Board. This means that no conflict of interest can occur.

CONCLUSION

The Supervisory Board wishes to express its appreciation for the dedication shown by both the management and all employees, both in terms of its operations and the results achieved during 2012. The Supervisory Board is looking forward to the 2013 results with great confidence and interest.

Utrecht, 19 April 2013
The Supervisory Board

7.4 MESSAGE FROM THE WORKS COUNCIL

2012 was a 'non-standard' year in many respects. In late 2011, the Executive Board presented its proposal for the new top structure to the Central Works Council. It was discussed in early 2012 and the Central Works Council issued an advice. The Executive Board would consist of two statutory Directors, the Directors had to get in touch with the work floor in the daily practice of 'making water', and there had to come a management system based on management committees. Positive items in the Central Works Council's view.

After the organisational pivot and the unrest surrounding the placement and selection process, almost everyone within Vitens had to deal with changes in 2012. After a turbulent time, the employees – the building bricks of our organisation – found a place within or outside the company. The Central Works Council made a point of closely monitoring both process and progress of placement and selection. In particular, the Central Works Council ensured that the procedure was carried out as agreed in the Social Plan and as set out in the Golden Rules prepared in 2010. The Central Works Council confirmed that the employees involved were treated with due care and consideration. On 1 May 2012, the organisation had officially completed the pivoting process.

NEW WORKS COUNCIL

After four years, the first / extended terms of office of the members expired. A fully new Works Council had to be elected. A single Works Council for Vitens: that was the objective of the process started in 2011. That means Central Works Council without the Central, with fifteen members and more recognisability and transparency for both the employees and the Executive Board. An interesting movement, not only for the Works Council as a whole, but also for the individual members in the Works Council. By mid-March, the digital election for the new Works Council took place. Over 800 of the 1,498 of the voters actually issued their vote, electing 15 members from 21 candidates. After some final tasks, the Central Works Council was finally wound up, and the Works Council was officially installed on 2 April. Key points for the Works Council were 'promoting participation on the work floor' and 'interconnecting with the entire company'.

EVERYONE IS JOINING IN

In order to establish the connection between the Works Council and the entire Vitens organisation, the new Works Council appointed contacts. Each division has two contacts in the Works Council. This created a direct line into the Works Council for everyone within Vitens – for both management and all employees. Work groups were appointed to realise broad participation of employees in the Works Council.

The Works Council appointed five work groups consisting of both Works Council members and non-elected Vitens employees. The work groups are dedicated to specific issues, such as flex working. Everyone can register to participate in a work group.

THEMES DISCUSSED IN 2012

During the reporting year, the Works Council issued advice on issues such as the top structure of Vitens, the change of the organisational structure within IT, the appointment of the Chairman of the Executive Board, the Flex&Vitens programme, and the uniform project realisation working method in the Design & Construction department. The Works Council issued approval for the new stand-by schedules, procurement and implementation of a track-and-trace system within the Network Management & Delivery department, an update of the privacy rules and adjustments to the working times within some Network Management & Delivery teams.

RELATIONSHIP WITH THE EXECUTIVE BOARD

On 30 October, the Works Council and the management discussed the integral annual plan, the long-term financial plan and the A3 annual plans. After a clear introduction by Lieve Declercq, focusing on the annual planning process, the strategic projects and the cultural pivot, the Executive Board's intended course became clear. In an open and fascinating discussion, the Works Council was given every opportunity to ask questions and make comments regarding Vitens' plans and ambitions for 2013 and beyond. Vice versa, the Executive Board indicated that quality was also expected of the Works Council. In any case, the conclusion was that there are many issues in which the Works Council is expected to play a role. The results of the meeting are input for the Works Council's action plan. A Works Council delegation attended the meeting of all Vitens managers.

RELATIONSHIP WITH THE SUPERVISORY BOARD

A good relationship with the Supervisory Board is of key importance to the Works Council. Normally, at least one meeting per year was convened at the Works Council's initiative as a so-called 'Boards Meeting', with the Central Works Council, the Executive Board and the Supervisory Board attending to discuss current issues. This meeting has been postponed to spring 2013. Naturally, frequent consultation was arranged between the Works Council's executive committee and the Supervisory Board member appointed at the Works Council's proposal, Ms M. Poulussen.

7.5 COMPOSITION

7.5.1 SUPERVISORY BOARD

Mr A. van der Velden (Chairman, 72, Dutch)

- Former Executive Director Corus Group plc
- Additional functions: None
- Term of office: from May 2002 to June 2012, reappointed until GMS spring 2013.

Ms M.L. van Kleef (60, Dutch)

- Managing Director Child Protection Council
- Additional functions: Chairman Supervisory Board Social Housing Foundation Utrecht
- Term of office: from December 2006 to June 2013

Mr Th.A. de Man (65, Dutch)

- Heineken, Non-Executive Director / Special Representative of CEO for Africa projects
- Member of the Supervisory Board of Nigerian Breweries Plc and Consolidated Breweries Plc (both companies are based in Nigeria)

Additional functions:

- Chairman of the VNO/NCW Committee International Collaboration
- Chairman BIAC Development Task Force
- Member Supervisory Board Rutgers WPF foundation
- Supervisory Board member NABC. (Netherlands Africa Business Council)
- Term of office: from June 2010 to June 2014

Ms T. Menssen (45, Dutch)

- Member of the Supervisory Board Koninklijke BAM Groep nv
- Member of the Supervisory Board Maritime Museum
- Member of the Supervisory Board Rotterdam Philharmonic Orchestra foundation
- Member of the Supervisory Board PostNL
- Term of office: from June 2010 to June 2014

Ms M.C.J. Poulussen (51, Dutch)

- Director HRM Eneco
- Additional functions: None
- Term of office: from June 2010 to June 2014

7.5.2 COMMITTEES OF THE SUPERVISORY BOARD

Audit Committee

Ms T. Menssen (Chairman)

Mr A. van der Velden

Remuneration and Appointment Committee

Ms M.C.J. Poulussen (Chairman)

Ms M.L. van Kleef

Project Committee

Mr Th.A. de Man (Chairman)

Mr A. van der Velden

7.5.3 SHAREHOLDER COMMITTEE

Ms J.A. de Vries, Chairman

(representing the Province of Friesland)

Ms I.A. Bakker, deputy Chairman

(representing the Province of Overijssel)

Mr G. Piek

(representing the other shareholders of Overijssel)

Mr J. Markink

(representing the Province of Gelderland)

Mr C.J.G. Luesink

(representing the other shareholders of Gelderland)

Mr R.E. de Vries

(representing the Province of Utrecht)

Ms M. de Rijk

(representing the Province of Utrecht)

Ms T. Clossen

(representing the other shareholders of Utrecht)

Mr B. Scholten

(representing the City of Almere)

7.5.4 EXECUTIVE BOARD

Ms L.C.A. Declercq – Chairman Additional functions: Member of the Supervisory Board Catharina Hospital Eindhoven

Mr W.H.J. Odding – member

Additional functions:

- Member of the Supervisory Board Aquario
- Member of the Executive Board Water Museum Arnhem
- Treasurer of Sports Accommodations Ermelo foundation
- Member of the Audit Committee and member of the Supervisory Board Wetsus

Mr G. van Beek – Company Secretary

7.5.5 WORKS COUNCIL VITENS

From 2 April 2012

A. van den Toren

H.J. Lammers

J.P. Smiesing

A. Hendrikse

S.M. Meerdink

G.F. Kuttschreutter

I. Jansen

R. Tas

J.A.H. van Dam

A. Kok – deputy Chairman

J.M. Teunisse – Chairman

C. Heikoop

W. van den Born

R. Roelofsen

E. Stelling

T.J. van Diepen replaced Mr J.A.H. van Dam.
G. van Stavel replaced Mr R. Tas.

CENTRAL WORKS COUNCIL VITENS

Until 2 April 2012

J.A.H. van Dam
Ir. J.H.A. Driessen MGM - deputy Chairman
J.M. Galama
F.M. Hulsteijn
L. Beekman
A.F. Kok-van Dongeren
L. Rorije
J.M. Teunisse - Chairman
E. Stelling
J.J. Velgersdijk
G.L. Bakker

7.6 DEFINITION OF ANNUAL REPORT

This integrated annual report specifies our vision, strategy and policy regarding our presentations as a company and our sustainable development. The scope of this report includes our activities during 2012 (01/01/2012 - 31/12/2012). This annual report was approved by the Executive Board and the Supervisory Board. Vitens N.V. prepared the report in accordance with the guidelines of the Global Reporting Initiative (GRI). As was the case for the 2011 annual report, we achieved application level B.

SCOPE

The 2012 Annual Report contains the data and information of all Vitens N.V.'s subsidiaries. Any deviations are explicitly communicated in the text. Please find a list of our sites and subsidiaries on our website: www.vitens.nl. No acquisitions or disposals were completed

SELECTION OF TOPICS

The topics included in the 2012 annual report were selected based on the GRI guidelines, our management systems, and their relevance to Vitens and its stakeholders. The data relate to the performance of Vitens, rather than that of our clients and chain partners. In this integrated report, we express data in both financial and non-financial terms where possible.

DATA COLLECTION

The data important to Vitens for indicators (quantitative) and initiatives (qualitative) were requested from the departments, regions and staff departments responsible. After an assessment, these were audited and validated internally for the entire company. The sets of basic data were matched to regular periodical reports as much as possible. Any deviations are explicitly communicated in the text.

COLOPHON

We are always very interested in any response or feedback on our activities. If you have any questions or feedback regarding this report, we would appreciate receiving these through communicatie@vitens.nl

Edition of Vitens N.V.

PO Box 1205
8001 BE Zwolle
www.vitens.nl

Concept & realisation

MENG Custom Content
www.meng.nl

Design

Smel Design & Strategy
www.smel.net