

# YORKSHIRE WATER SUSTAINABLE BONDS 2023

## DNV ELIGIBILITY ASSESSMENT

### Scope and objectives

Yorkshire Water Services Financing Plc (hereafter referred to as “Yorkshire Water” or the “Company”) is a water and sewerage company operating in the Yorkshire and Humber Region of England. The company collects, treats, and distributes clean water, also in addition to collecting, treating, and disposing of wastewater. The Company serves approximately 5 million customers and 140,000 business premises.

Yorkshire Water, together with its financing subsidiaries, Yorkshire Water Services Finance Limited and Yorkshire Water Finance Plc, developed a **Sustainable Finance Framework** (the “Framework”) in 2019 to raise debt to support the (re-)financing of assets and expenditures of a sustainable nature, across its activities.

The Company intends to issue two **Sustainable Bonds** with a combined value of up to **GBP 500 million sterling** (hereafter referred to as the “Bonds”) for the purpose of financing and refinancing its business activities including capital expenditure, that helps meet the Company’s longer-term sustainability objectives. The Bonds will finance in whole, or in part, projects related to the **Eligible Green Category** of “**Sustainable Water and Wastewater Management**”, as confirmed by Yorkshire Water. The aim of these projects is to improve existing, and build new, infrastructure projects pertaining to “**Raw Water and Wastewater**” (see [Schedule 1](#) for further detail).

DNV Business Assurance Services UK Limited (henceforth referred to as “DNV”) has been commissioned by Yorkshire Water to provide an assessment of the eligibility of the Bonds. Our methodology to achieve this is described under the ‘Work Undertaken’ section, as detailed below.

We were not commissioned to provide independent assurance or undertake any other audit activities. No assurance is provided regarding the financial performance of the two Bonds, the value of any investments in the Bonds, the alignment of the Bonds with Regulatory requirements, or the long-term environmental benefits of the transactions. Our objective has been to provide an assessment that the Bonds have met the criteria established, on the basis as set out below.

### Responsibilities of the Management of Yorkshire Water and DNV

The management of Yorkshire Water has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion that is intended to inform Yorkshire Water’s management and other interested stakeholders, as to whether the Sustainable Bonds are aligned with Yorkshire Water’s Sustainable Finance Framework, as issued in 2019. To assess the eligibility of the Sustainable Bonds, our assessment reviews the Bonds’ eligibility against the Framework, supplemented with a review against international guidelines and standards, and DNV’s own technical expertise.

In our work we have relied solely on the information and the facts presented to us by Yorkshire Water. DNV is not responsible for any aspect of the nominated assets referred to in this opinion, and we cannot be held liable if the estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or

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data provided by Yorkshire Water's management, and that used as a basis for the assessment, were not correct or complete.

## Basis of DNV's opinion

We have adapted our Sustainable Bond eligibility assessment methodology to create a **Yorkshire Water-specific Sustainable Bond Eligibility Assessment Protocol** (henceforth referred to as "Protocol") - see [Schedule 2](#). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Bonds have been reviewed, are grouped under the following four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a Sustainable Bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a Sustainable Bond should outline the process it follows when determining the eligibility of an investment using the Sustainable Bond proceeds and outline any green impact objectives that it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a Sustainable Bond should be tracked within the issuing organisation, that a separate portfolio should be created when necessary, and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting of the use of the Sustainable Bond proceeds, to the bond investors, should be made; and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work undertaken

Our work constituted of a high-level review of the information provided to us by Yorkshire Water, based on the understanding this was provided to us in good faith. We have not performed an audit, or other tests, to check the veracity of the information provided to us.

The work that was undertaken to form our opinion included:

- Creation of a Yorkshire Water-specific Protocol adapted to the purpose of the Sustainable Bonds as described above, and in [Schedule 2](#) of this assessment.
- Assessment of the documentary evidence provided to us by Yorkshire Water on the Sustainable Bonds supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with Yorkshire Water management, and a review of the relevant documentation and evidence related to the criteria of the Protocol; and

- Documentation of the findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

## Findings and DNV's opinion

DNV's summary findings are listed below, with further detail provided in [Schedule 2](#).

### 1. Principle One: Use of Proceeds

Under its **Sustainability Finance Framework 2019**, Yorkshire Water intends to use the proceeds of two specific Sustainable Bonds to invest in projects that fall under the **eligible green category** of "**Sustainable Water and Wastewater Management**". Yorkshire Water has a Sustainable Project Portfolio within which two sub-categories of, "**monitoring raw water**" and "**water recycling**", are applicable to these specific Bonds.

DNV has reviewed a sub-portfolio (see [Schedule 1](#)) and the supporting evidence provided by Yorkshire Water, and can confirm that the projects under the sub-categories for "**monitoring raw water**" and "**water recycling**", are appropriately labelled under the Sustainable Water and Wastewater Management eligible green category, as outlined within the Framework. We can also confirm that these projects will provide clear environmental benefits as per the definitions provided in the Framework.

DNV concludes that the proceeds of these Bonds are in accordance with the criteria as set out in the Framework, and subsequently complies with the requirements as set out by the relevant ICMA principles at the time in which the Framework was issued.

### 2. Principle Two: Process for Project Evaluation and Selection

DNV confirms that Yorkshire Water has a clear governance process in place for making sustainable investments, which applies to any project under proposal for funding by the capital expenditure of these Bonds. We can also confirm that the Company has a clear process in place for the evaluation and selection of eligible sustainable projects which forms part of its governance process, as outlined in its Annual Performance Report.

Yorkshire Water has confirmed that before any project is classified as eligible under one of two sub-categories for "raw water" or "wastewater", and before it can be accounted for in its eligible sustainable portfolio, it is subject to review by the **Sustainable Finance Framework Committee** (hereafter referred to as "The Committee"). As laid out in the Framework, this Committee follows a documented process to review any proposed asset and/or expenditure, determining if they satisfy the applicable categories and the Company's aim to maintain and improve sustainability. The Committee is composed of representatives from the Group's finance and sustainability functions. The duties of this Committee are detailed in [Schedule 2](#).

DNV has reviewed the evidence provided and has held discussions with the representatives of Yorkshire Water, and we can confirm that the process for project evaluation and selection has been followed for these Bonds, that it is in line with the process as described within the Framework, and is in accordance with the criteria as set out by the relevant ICMA principles.

### 3. Principle Three: Management of Proceeds

Yorkshire Water stated in its Framework that the Treasury Team is responsible for the management of any transaction and the net proceeds are to be allocated on a category basis. To ensure the accuracy of the information reported and to avoid double counting, the proceeds of the Bonds are monitored by Yorkshire Water's internal tracking and accounting system. As the proceeds of the Bonds are allocated, this system is updated. We can confirm that in the case of these Bonds, that the process for the management of the proceeds has been appropriately followed, and that is in line with the requirements as set out in the Framework.

Yorkshire Water has committed to the over-collateralisation and to maintaining a healthy buffer of investments and expenditures throughout the lifetime of the Bonds.

Should the net proceeds be unallocated or pending allocation, Yorkshire Water has stated an amount equal to the balance of the net proceeds will be temporarily invested in instruments, which aligns with the relevant section of the Company's Internal Treasury Policy. Where possible and practicable, unallocated net proceeds will be invested in the form of Sustainable Liquid Investments.

DNV has reviewed the evidence supplied by Yorkshire Water, and we can confirm that the Company has appropriately managed the proceeds of the Bonds, and that they are in line with the Framework, which is in accordance with the criteria as set out by the relevant ICMA principles.

### 4. Principle Four: Reporting

Yorkshire Water is currently reporting on the allocation and impact of the proceeds of these two Sustainable Bonds.

An allocation report and impact report on the proceeds of this debt, will be made available to its investors within one year of the date of the first finance raising. In line with the Framework, Yorkshire Water has committed to detailing a list of the eligible projects financed, an aggregated amount of the allocation of the net proceeds, the balance of unallocated proceeds, and the share of financing and refinancing for the eligible category for these Bonds.

With regards to impact reporting, in its Framework Yorkshire Water has confirmed that it will measure, wherever feasible, the benefits of the investments and expenditures deriving from the transactions. This will be across each of the project subcategories outlined in [Schedule 1](#).

DNV concludes that Yorkshire Water has made the appropriate plans to produce reporting on the allocation and environmental impacts of all investments under the two Bonds. We can also confirm that this is in line with the Framework and the relevant ICMA principles.

Based on the information provided by Yorkshire Water and the work undertaken, it is DNV's opinion that the Sustainable Bonds meet the criteria established in the Protocol, and that it is aligned with the Yorkshire Water Services Sustainability Finance Framework 2019, which is in line with the relevant ICMA principles.

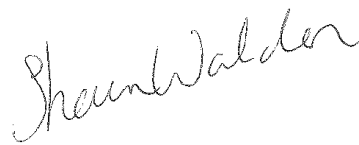
**for DNV Business Assurance Services UK Limited**

London, 22 February 2023

A handwritten signature in black ink, appearing to read "Niki Bowen".

**Niki Bowen (PhD)**

Senior ESG Consultant and Project Manager  
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden".

**Shaun Walden**

Head of Sustainable Finance and Reviewer  
DNV – Business Assurance

**About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

## SCHEDULE 1: DESCRIPTION OF PROJECTS TO BE FINANCED THROUGH THE SUSTAINABLE BONDS

Yorkshire Water has confirmed that proceeds from the Sustainable Bonds (the “Bonds”) will be used to (re)-finance falling under the Eligible Green Category of “Sustainable Water and Wastewater Management”.

The list of project categories, as confirmed by Yorkshire Water, that fall under this eligible green category are detailed in the table below:

Eligible Green Category	Eligible portfolio categories to be financed
<p><b>Sustainable Water and Wastewater management</b></p>	<p><b>Raw Water:</b></p> <ul style="list-style-type: none"> <li>• Water Resources</li> <li>• Raw Water Distribution</li> <li>• Water Treatment</li> <li>• Treated Water Distribution</li> </ul>
	<p><b>Wastewater:</b></p> <ul style="list-style-type: none"> <li>• Sewage Collection</li> <li>• Network Plus Sewage Treatment</li> <li>• Sludge Transport</li> <li>• Sludge Treatment</li> <li>• Sludge Disposal</li> </ul>

## SCHEDULE 2: YORKSHIRE WATER SUSTAINABLE BOND ELIGIBILITY ASSESSMENT PROTOCOL

### 1. Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The Sustainable Bond must fall within one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> <li>• Green Use of Proceeds Bond</li> <li>• Green Use of Proceeds Revenue Bond</li> <li>• Green Project Bond</li> <li>• Green Securitised Bond</li> </ul>	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• Yorkshire Water Sustainable Finance Framework 2019.</li> <li>• Sustainable Portfolio - Project Ilama.xls</li> <li>• Project Ilama – Draft Bond Term Sheet</li> <li>• YWS Bond Prospectus</li> </ul>	<p>DNV has reviewed the Draft Term Sheet and the supporting evidence provided, and we can confirm that the Sustainable Bonds falls within the category of a “Green Use of Proceeds Bond”.</p> <p>Yorkshire Water confirmed that it intends to apply a 24-month lookback period when allocating the proceeds to Capex expenditures that were incurred against Eligible Projects, before the issuance of the Sustainable Bonds.</p>
1b	Green Project Categories	<p>The cornerstone of a Sustainable Bond is the utilisation of the proceeds of the Sustainable Bond which should be appropriately described in the legal documentation for security.</p>	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• Yorkshire Water Sustainable Finance Framework 2019.</li> <li>• Sustainable Portfolio - Project Ilama.xls</li> <li>• Project Ilama – Draft Bond Term Sheet</li> <li>• YWS Bond Prospectus</li> </ul>	<p>DNV has reviewed the evidence provided and we can confirm that the projects to be financed fall under the eligible green category of, “Sustainable Water and Wastewater Management”.</p> <p>We can conclude the utilisation of proceeds is appropriately described in the legal documentation for the Sustainable Bonds and the Green Project Portfolio.</p>
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmental benefits, which, where feasible, will be quantified or assessed by the issuer.</p>	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p>	<p>DNV has reviewed Yorkshire Sustainable Finance Framework 2019, and its Sustainable Project Portfolio, and can confirm that based on the evidence reviewed that the implementation of new potable water transfer schemes and sewage projects, form a key part of Yorkshire Water’s sustainable finance strategy.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>Yorkshire Water Sustainable Finance Framework 2019.</li> <li>Sustainable Portfolio - Project Ilama.xls</li> </ul>	<p>Yorkshire Water has also outlined the environmental benefits of the plan and has confirmed that it is committed to reporting on the impact of the two Sustainable Bonds.</p> <p>Based on the evidence reviewed it gives DNV the opinion that the green project category will provide clear environmental benefits across a range of relevant areas - including the reduction of leakages, water efficiency, and the cleanliness of water for consumption and use.</p> <p>In addition, we can confirm that Yorkshire Water has outlined the metrics that it intends to use within the framework.</p>

## 2. Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Sustainable Bond should outline the decision-making process it follows to determine the eligibility of projects using Sustainable Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles.</li> </ul>	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>Yorkshire Water Sustainable Finance Framework 2019.</li> <li>Yorkshire Water Annual Performance Report 2021-22 (<a href="#">link</a>)</li> <li>Ofwat Board Leadership, Transparency and Governance – Principles (<a href="#">link</a>)</li> </ul>	<p>Yorkshire Water has a clear process in place for the evaluation and selection of eligible green projects. This forms part of its governance process, which is outlined in the Annual Performance Report, and is aligned with the Ofwat Governance Principles.</p> <p>The Framework explains that all assets, including green and sustainable expenditures, follow the company's risk management framework and procurement policies.</p> <p>These are as follows:</p> <ul style="list-style-type: none"> <li>Set objectives around strategic goals.</li> </ul>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<ul style="list-style-type: none"> <li>The criteria making the projects eligible for using the Sustainable Bond proceeds; and</li> <li>The environmental sustainability objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Finance Framework Committee – Terms of Reference</li> </ul>	<ul style="list-style-type: none"> <li>Identify risks embedded in operational management systems.</li> <li>Measure a standard scoring matrix ensuring consistent measurements.</li> <li>Monitor and assess the effectiveness of controls.</li> <li>Reporting to the Risk committee in line with monthly risk reporting cycle.</li> </ul> <p>Yorkshire Water has confirmed that before any project appears in the Eligible sustainable portfolio, they will be reviewed by the Sustainable Finance Framework Committee (“The Committee”). The purpose of the Committee is to govern the Company’s use of its 2019 Sustainable Finance Framework. The Committee is composed of representatives from the Group’s finance and sustainability functions and meets at least annually.</p> <p>The responsibilities include:</p> <ul style="list-style-type: none"> <li>Maintaining a record of all the debt raised using the Framework.</li> <li>Maintaining a documented process for the allocation of proceeds in compliance with the Framework.</li> <li>Undertaking the processes to allocate proceeds and maintain records of the results.</li> <li>Internally reporting on the use of proceeds at least annually to the Finance Governance Group.</li> <li>Externally publishing a report on the use of proceeds and the associated environmental and social impact.</li> <li>Updating the Sustainable Finance Framework as necessary over time, securing independent expert assurance as considered appropriate.</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>We can conclude that based on the evidence provided, Yorkshire Water has clearly outlined the decision-making process it takes to determine the eligibility of green projects to avoid double counting, and the green projects to be financed by the Sustainable Bonds will meet the environmental objectives, as set out by Yorkshire Water.</p>
2b	<p>Issuer's environmental and social and governance framework</p>	<p>In addition to the information disclosed by an issuer on its Sustainable Bond process, criteria and assurances - Sustainable Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.</p>	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• Yorkshire Water Sustainable Finance Framework 2019.</li> <li>• Yorkshire Water Annual Performance Report 2021-22 (<a href="#">link</a>)</li> </ul>	<p>On the basis of the evidence reviewed, DNV confirms that Yorkshire Water has made a commitment to improving its sustainability performance across its operations.</p> <p>This, alongside discussions with management, gives DNV the confidence that Yorkshire Water is committed to addressing the environmental impacts of its operations, that sustainability is core to the Company's long-term strategy, and is a priority to the management team.</p> <p>DNV concludes that based on the information provided, the objective of the Sustainable Bonds aligns with Yorkshire Water's approach to managing sustainability and supports the sustainable development of the sector and the region of Yorkshire Water's operations.</p>

### 3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Sustainable Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• Yorkshire Water Sustainable Finance Framework 2019.</li> <li>• Yorkshire Water Annual Performance Report 2021-22 (<a href="#">link</a>)</li> <li>• Yorkshire Water Internal Treasury Policy – Section 7: Investment Management</li> </ul>	<p>Yorkshire Water has confirmed that its Treasury Team will manage the proceeds from the sustainable finance transactions. The Treasury Team comprises the Assistant Treasurer, Treasury Analyst and the Cash and Banking Manager. This team reports directly to the Chief Financial Officer (CFO). The Treasury Team is responsible for cash management procedures daily.</p> <p>Other responsibilities include:</p> <ul style="list-style-type: none"> <li>• The establishment and administration of all banking arrangements within the Group.</li> <li>• Daily cash management and requirement forecasting</li> <li>• investment of surplus cash in line with approved credit rating criteria.</li> <li>• Payments from all company bank accounts by CHAPS in sterling, and all foreign payments abroad.</li> <li>• The drawdown and repayment, as required, of liquidity facilities.</li> </ul> <p>Yorkshire Water will hold or invest, at its discretion, any unallocated net proceeds as per its internal Treasury Policy.</p> <p>DNV concludes that the Sustainable Bonds will be tracked in an appropriate manner and is attested to by a formal internal process.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3b	Tracking procedure	So long as the Sustainable Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Sustainable Bond disbursements made during that period.	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>Yorkshire Water Sustainable Finance Framework 2019.</li> <li>Sustainable Portfolio – Project Ilima.xls</li> </ul>	<p>DNV notes the net proceeds are to be allocated on a category basis and will be recorded in Yorkshire Water’s accounting records.</p> <p>Yorkshire Water has also confirmed that reconciliation to the project budget will prevent any double counting in the allocation of the proceeds.</p> <p>These amounts will be disbursed periodically, and will be tracked and monitored accordingly, as outlined in the Sustainable Project Portfolio.</p> <p>DNV concludes that there is a clear process in place for the tracking of the balance of the proceeds, which account for the disbursements.</p>
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>Yorkshire Water Sustainable Finance Framework 2019.</li> <li>Sustainable Portfolio – Project Ilima.xls</li> <li>Yorkshire Water Internal Treasury Policy – Section 7: Investment Management</li> </ul>	<p>Where possible and practicable, unallocated net proceeds will be invested in the following ways:</p> <ul style="list-style-type: none"> <li>Green, Social or Sustainability Bonds issued by Governments and/or Government-related entities with a minimum credit rating of AA, Aa2 and AA by each of S&amp;P, Moody’s and Fitch respectively, and;</li> <li>Bank Green deposits with the counterparty, size, and tenor of deposits governed by the Company’s internal Treasury Policy.</li> </ul> <p>We can conclude that Yorkshire Water has appropriately described how it intends to hold the balance of unallocated proceeds.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3d	Over-collateralisation	The issuer shall demonstrate that the value of the Sustainable Bonds is smaller than, or equal to, the financing needs of the eligible nominated projects.	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>Sustainable Portfolio – Project Ilama.xls</li> <li>Project Ilama – Drat Term Sheet</li> </ul>	Yorkshire Water has committed to over-collateralisation and to maintaining a healthy buffer of investments and expenditures, at all stages of the Bonds.

#### 4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which the Sustainable Bond proceeds have been allocated, including where possible, with regards to confidentiality and/or competitive considerations – a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impacts.	<p>In addition to reviewing the evidence below, we interviewed senior managers within Yorkshire Water.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>Yorkshire Water Sustainable Finance Framework 2019.</li> <li>Sustainable Portfolio – Project Ilama.xls</li> <li>Yorkshire Water Annual Performance Report 2021-22 (<a href="#">link</a>)</li> <li>“Capitals” – Yorkshire Water website [Date Accessed: 09/02/2023] (<a href="#">link</a>)</li> <li>Yorkshire Water Annual Impact and public value report “Our Contribution to Yorkshire” (<a href="#">link</a>)</li> </ul>	<p>DNV can confirm that Yorkshire Water has committed to providing both allocation reporting and impact reporting, regarding the assets and expenditures to be financed and/or refinanced, by the Bonds in line with the Framework.</p> <p><b><u>Allocation Reporting</u></b></p> <p>An Initial Allocation Report will be made available to investors within one year of the date of the first finance raised under the Framework, which will detail all the following:</p> <ul style="list-style-type: none"> <li>How much of the financing raised has been allocated.</li> <li>A brief description of assets and expenses (re)financed with the proceeds and selected case studies if applicable.</li> <li>The balance of the unallocated proceeds and type of temporary investments.</li> <li>The division of the allocation between new financing and refinancing.</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Subsequent details of allocations will be released annually thereafter within the Impact Report (see below), and as necessary following material developments.</p> <p><b>Impact Reporting</b>            Yorkshire Water has stated it will measure, wherever feasible, the environmental benefits of the investments and expenditures deriving from the transaction. Yorkshire Water has produced a process named the “Six Capitals”. These six capitals are financial capital, manufactured capital, natural capital, human capital, intellectual capital, and social capital.</p> <p>These six capitals helped to build “Our Contribution to Yorkshire”, the annual impact report. This contains an extensive list of various metrics and KPIs which are relevant to measuring social and environmental impact at Yorkshire Water.</p> <p>The Bonds fall under the Eligible Green Category of “Sustainable Water and Wastewater Management”. Some of the key metrics Yorkshire will report on include - leakage, water recycling, per capita consumption, pollution incidents and carbon emissions.</p> <p>We can confirm that Yorkshire Water has committed to reporting on the Sustainable Bonds and their impact, which is in line with the requirements as set out under the relevant ICMA principles.</p>