

Sustainable Finance Framework

Version 2.0

November 2023



YorkshireWater

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2

Viewing this document

Contents page

The contents page links out to every section within this document. Clicking on a specific section will take you straight to it.

1 Click on the contents button to return to the contents page.

2 The back button returns you to the last page you visited.

3 This button takes you to the previous page.

3

4 This button takes you to the next page.

4

There are also many other clickable links within this document which we've made easy to spot by underlining and **highlighting** them. Use the 'Back' button at the top of the page if you need to jump back to the page you were on before.



Contents

We've created colour-coded sections to help you to navigate this document easily. Just click on the section you'd like to read below.

The report is structured as follows:

1	Foreword	4
2	About this update	5
3	Introduction to Yorkshire Water	6
4	Our business strategy	7
5	How we contribute to society, the environment, and the economy	8
6	Our support for the UN Sustainable Development Goals	9
7	Sustainable Finance Framework	10
	a. Use of proceeds	11
	b. Process for project evaluation and selection	13
	c. Management of proceeds	14
	d. Reporting	15
8	External review and assurances	16
9	Appendix 1 – Eligibility criteria	17

1. Foreword



I am pleased to share this updated version of Yorkshire Water’s Sustainable Finance Framework to align our financing with our business strategy and sustainability ambitions.

We spend £1.5m every day to provide water and wastewater services to more than five million people and 140,000 business properties across the Yorkshire region. Our expenditure represents more than just investments in infrastructure and core services; we also play a key role in protecting customers’ health and wellbeing, supporting the economy, and safeguarding the natural environment.

Over the last few years Yorkshire Water – and the wider water industry – has changed significantly. Our customers now expect more from us than ever before, particularly with respect to our environmental performance. We also know we need to avoid our bills adding an unnecessary burden to our customers’ household budgets.

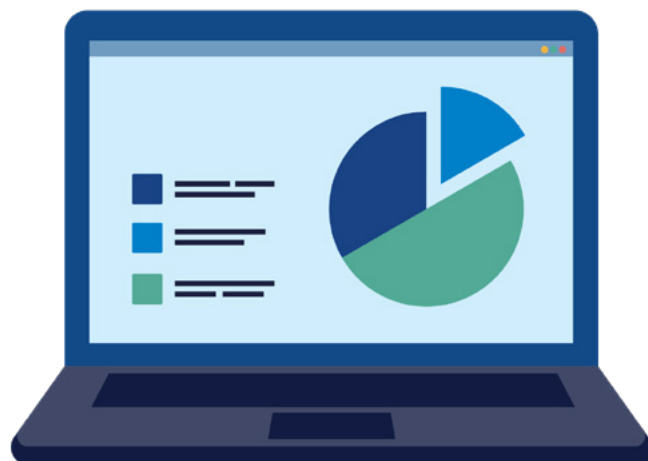
Meeting these challenges requires a thorough understanding of how our activities affect the environment, the economy, and the society we serve. To achieve this, we use a six capitals approach within Yorkshire Water to help us assess our wider impacts and demonstrate how we are adding value through our work.

By improving how we use the six capitals across our business, we aim to ensure decisions taken to improve the efficiency of our services are not made at the expense of our long-term sustainability, resilience, or affordability for future generations.

Our Sustainable Finance Framework supports our work in this space by providing financing and refinancing for a range of environmentally and socially sustainable assets and expenditures. Aligning the way in which we finance our business with our wider environmental and social responsibilities helps us to embed sustainable approaches in our strategic decisions and investment choices. Since its launch in 2019, we have raised £2.1bn of sustainable financing under our Sustainable Finance Framework.

I am confident our approach to sustainable financing will contribute to our transition to a more sustainable business model and help achieve our vision of a thriving Yorkshire: right for customers, and right for the environment.

Paul Inman
Chief Financial Officer



2. About this update

This second version of Yorkshire Water's Sustainable Finance Framework replaces the first version of the Framework issued originally in 2019.

The key changes we have made to this version are:

- Updating the Framework to align with recent changes to the Green and Social Bond Principles and the Green and Social Loan Principles.
- Refreshing the criteria used to assess the eligibility of Framework expenditure.
- Mapping expenditure eligibility criteria to the United Nations' Sustainable Development Goals.
- Updating the information provided on Yorkshire Water's business strategy and the contribution we make to the region through our work.



3. Introduction to Yorkshire Water

An overview of our business

Yorkshire Water provides some of life's most essential services to the people and businesses of Yorkshire, playing a key role in the region's health, wellbeing, and prosperity.

We do this by supplying water and wastewater services to over 5 million people and 140,000 business properties, as well as being custodians of essential infrastructure and the natural environment. The region we serve spans 15,000km² and contains three of the UK's largest cities (Sheffield, Leeds and Bradford).

We collect, treat and supply around **1.3bn litres** of water every day.

We collect, treat, and safely return to the environment around **1.7bn litres** of wastewater every day.

We provide jobs for over **3,600 colleagues** across Yorkshire.

We invest £1.5m every day to maintain and enhance Yorkshire's network of pipes, pumps, and networks.

We manage **28,000ha of land** across Yorkshire.



We operate under a five-year regulatory cycle set by our economic regulator, Ofwat. The current regulatory period, known as Asset Management Period 7 (AMP7), runs from 2020 to 2025.

Ofwat carries out a price review before each asset management period to set our regulatory performance targets and the amount we are allowed to earn as a return on our regulatory capital value. This process also determines what we can charge customers in their water and wastewater bills.

The price review for the next regulatory period (AMP8) is due to be finalised by December 2024 and come into effect from 2025 to 2030.

In the financial year ending March 2023, we generated revenues of £1.14bn and had a regulatory capital value of £8.71bn.

4. Our business strategy

Our vision is to create

A thriving Yorkshire: right for our customers, right for the environment.



Our strategy focuses on doing the right things for our customers and the environment. For our customers, this means providing a safe and reliable service while keeping bills affordable. For the environment, this means protecting homes and waterways from pollution, safeguarding our water resources, and tackling the climate crisis by eliminating carbon from our business.

Our strategy is built on the firm foundation of long-term responsible business practices, ensuring that our activities today do not compromise our ability to operate in the future.

As a company whose core business fundamentally relies on financial, natural, and social resources, we know there are major challenges to the long-term resilience of our essential water and wastewater services, such as climate change, population growth and resource constraints.

To help us make sure that our decision-making accounts for these challenges, we are using a six capitals approach in our risk management, decision making and investment choices.

Our six capitals approach is designed to help us become more sustainable and resilient by better understanding, and therefore better managing, the economic, environmental, and social impacts of our actions. In turn, this should allow us to protect and grow the long-term value we create for customers, investors, and other stakeholders.

We also use the six capitals as a framework to assess and report on the impacts of our business activities each year. See the Reporting section on page 15 for further details.

The six capitals



Financial capital

Our financial health and efficiency.



Human capital

Our colleagues' capabilities and wellbeing.



Manufactured capital

Our pipes, treatment works, offices and IT.



Intellectual capital

Our knowledge, processes, innovations and strategic partnerships.



Natural capital

The materials and services we rely on from the environment.



Social capital

Our relationships, trust and contribution to wider society.

5. How we contribute to society, the environment, and the economy

We invest hundreds of millions of pounds each year to ensure we can provide reliable services for our customers, both now and in the future. Examples of assets and programmes we finance through our business activities include:

- Upgrades of wastewater treatment works to improve the quality of treated wastewater and comply with legal requirements under the Water Industry National Environment Programme (WINEP).
- Installation of smart meters to drive down leakage and help our customers better understand and manage their water use.
- Renewal or replacement of infrastructure to maintain the operating capability of assets across our network.
- Proactive management of our wastewater network to reduce the risk of sewer flooding and protect the environment.
- Refurbishing anaerobic digesters to improve treatment efficiencies and increase renewable energy yields.
- Biosecurity initiatives to reduce the spread of invasive non-native species that could pose risks to our infrastructure.
- Environmental restoration schemes to improve river health and enhance freshwater biodiversity across the region.
- Conservation, access, and recreation programmes across our large rural estate.

We also contribute to society and the wider economy by providing:

- Jobs for over 3,600 colleagues.
- Financial support to over 80,000 customers who struggle to pay their water bill.
- Extra help for people in vulnerable situations through our Priority Services Register.
- Support for our supply chain partners, such as immediate payment terms for small and medium sized businesses.

6. Our support for the UN Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs), adopted unanimously by 193 Heads of State in 2015, provide a roadmap towards a better and more sustainable future for all.

We recognise we have an important role to play in contributing to achieving the SDGs and have identified those of most relevance to our business activities. By mapping the criteria we use to assess the eligibility of Framework expenditure to relevant SDGs, we can understand how our work contributes to supporting each goal.

See Appendix 1 for further information.



7. Sustainable Finance Framework

Yorkshire Water Services Ltd (the 'Company', 'Yorkshire Water' or 'we'), together with its financing subsidiaries Yorkshire Water Services Finance Limited and Yorkshire Water Finance Plc, has developed a Sustainable Financing Framework (the 'Framework') under which it can raise debt to support the financing and/or refinancing of assets and expenditures of a sustainable nature across its activities.

This Framework is aligned with the International Capital Market Association [Social Bond Principles 2022 \(SBP\)](#), [Green Bond Principles 2022 \(GBP\)](#) and [Sustainability Bond Guidelines 2021 \(SBG\)](#), and the [Loan Market Association Green Loan Principles 2023 \(GLP\)](#) and [Social Loan Principles 2023 \(SLP\)](#) (together the 'Principles'), which all comprise of four key components that make up the main sections of this Framework:

a. Use of Proceeds

b. Process for Project Evaluation and Selection

c. Management of Proceeds

d. Reporting



As the sustainable finance market continues to evolve, this Framework may be revised or updated to reflect changes to the Principles or to align with emerging market standards and best practices, such as the EU Green Bond Standard, EU Taxonomy, UK Taxonomy or other relevant standards and guidelines. Relevant updates will be subject to the prior approval of a qualified provider of second party opinions.

We have developed this Framework under which we can issue various funding instruments, including but not limited to:

- Committed Facilities (revolving and term debt from banks and institutional investors).
- Green, Social and Sustainability Bonds (all 'Sustainable Bonds').
- Private Placements (including US Private Placements).
- Long Funding Finance Leases.

a. Use of Proceeds

We will use this Framework to raise finance in a variety of forms to meet our funding requirements. An amount equivalent to the net proceeds from the finance raised under the Framework will be allocated to finance new and/or refinance existing assets and expenditures of Yorkshire Water.

Assets and expenditures falling within the Social Eligible Categories ('Eligible Social Investments') will be aggregated to form the Eligible Social Portfolio. These are assets and expenditures that have a benefit¹ for societies and communities.

Assets and expenditures falling within the Green Eligible Categories ('Eligible Green Investments') will be aggregated to form the Eligible Green Portfolio. These are assets and expenditures that have a benefit for the natural environment.

Under this Framework:

- The Social Eligible Categories and Green Eligible Categories together form the Sustainable Eligible Categories;
- Eligible Social Investments and Eligible Green Investments are together Eligible Sustainable Investments; and
- The Eligible Social Portfolio aggregated with the Eligible Green Portfolio forms the Eligible Sustainable Portfolio.

For existing assets and expenditures, we will aim to refinance Eligible Sustainable Investments that have been completed or charged (in the case of operating expenditures) in the last two years. However, given the nature of our long-term asset base, this may not always be possible, and we reserve the right to finance older assets and expenditures, including expenditures linked to the maintenance and upkeep of existing assets. We may also finance ongoing and future Eligible Sustainable Investments.

Eligible Sustainable Investments will fall within one or several of the following eligible categories (a full description of the eligible categories can be found in Appendix 1 – Eligibility criteria):

Social Eligible Categories

- Affordable basic infrastructure
- Access to essential services
- Affordable housing
- Employment generation
- Food security and sustainable food systems
- Socioeconomic advancement and empowerment

Green Eligible Categories

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Environmentally sustainable management of living natural resources and land use
- Terrestrial and aquatic biodiversity conservation
- Clean transportation
- Sustainable water and wastewater management
- Climate change adaption
- Eco-efficient and/or circular economy adapted products, production techniques and processes
- Green buildings



¹ We assess the provision of social and/or environmental benefits on an outcome basis. However, we recognise that delivering these benefits may also generate some adverse impacts in the process (e.g., injuries sustained by colleagues; greenhouse gas emissions from our operational assets), which we seek to minimise wherever possible.

a. Use of Proceeds

Excluded Budgetary Categories

Assets and expenditures that will not be included in the Eligible Sustainable Portfolio (each an Excluded Budgetary Category) are:

- Personal expenditures.
- Financing costs (including costs associated with raising finance).
- Landfill assets and expenditures.
- Yorkshire Water's fossil fuel fleet².
- Assets and expenditures linked to the incineration of waste³ (this does not exclude activities for converting incinerators and associated assets to Anaerobic Digestion or other renewable energy generation technologies).
- Fines and legal costs.

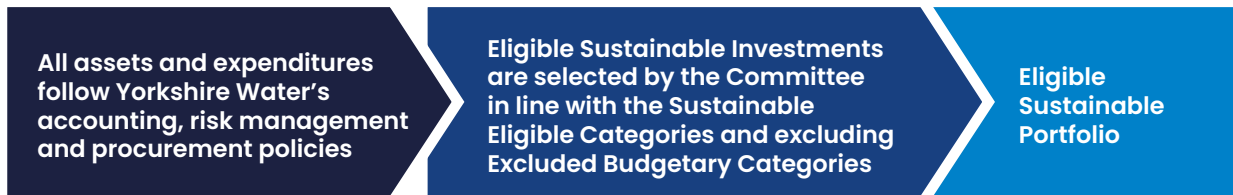
Although this Framework already covers a broad range of eligible assets and expenses, Yorkshire Water reserves the right to consider additional assets and expenditures within its businesses as eligible in the future if we believe they would result in positive social or environmental outcomes. Any such assets and expenditures will be included only after obtaining approval from a Second Party Opinion provider and will be detailed in the subsequent annual Allocation Report for the year in which they were added.



² We operate a large fleet of vehicles across the region to deliver our services. Our fleet has traditionally been made up of fossil fuel vehicles, but we have recently made substantial investments in electric vehicles and have a target to transition 100% of our fleet to zero emission vehicles by 2030.

³ The last of our waste sludge incinerators was closed in 2018 and is currently undergoing decommissioning. We now treat all our waste sludge using anaerobic digestion to produce renewable energy and biofertiliser for agricultural use.

b. Process for project evaluation and selection



All investments in assets and expenditures by Yorkshire Water and our subsidiaries adhere to our accounting, risk management, procurement and supply chain policies.

Investment in assets by Yorkshire Water is proposed through business cases that outline the nature, costs and benefits of each investment. Business cases are reviewed and approved by one or more internal boards throughout project lifecycles depending on the risk and value of the investment. Assurance over asset investment activities is provided by project teams at the first level, the Programme Management Office at the second level, and internal and external audit functions at the third level.

Expenditures will be assessed for their eligibility and inclusion into the Eligible Sustainable Portfolio by a committee (the 'Committee') including representatives from Yorkshire Water's Finance and Sustainability functions. The Committee will govern a documented process to ensure all funded assets and expenditures support

positive sustainable outcomes by reviewing the alignment of asset and expenditure categories submitted for inclusion in the Framework against the Sustainable Eligible Categories.

A summary of this process will be provided each year in the annual Allocation Report (see section 4. Reporting). The Committee will prioritise those activities which they feel best support progress towards our strategic objectives and the UN SDGs. The Committee will be mandated and governed by its own terms of reference and will meet at least once per annum.

The Eligible Sustainable Investments within the Eligible Sustainable Portfolio will change over time depending on the nature of the assets and our expenditure priorities in future.

Managing risks and uncertainties

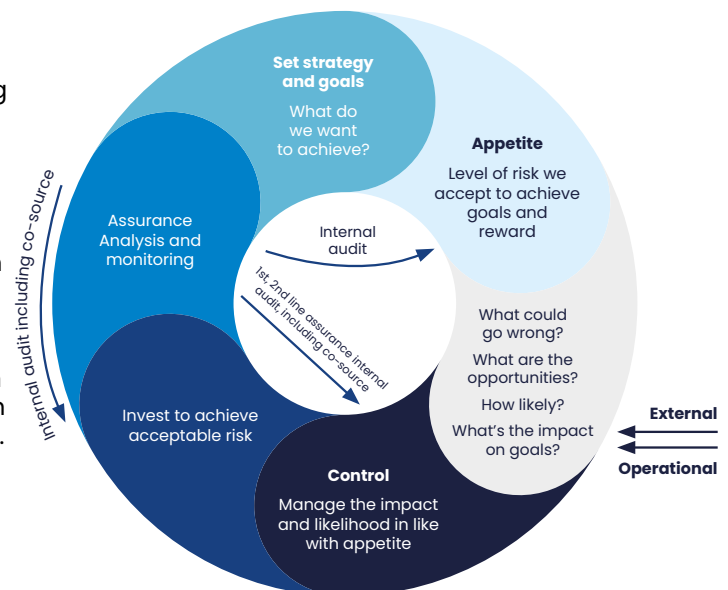
Strong risk management allows us to provide reliable services to customers whilst protecting the environment and keeping our colleagues safe and well.

Our risk management framework is aligned to ISO31000, the international risk management standard, and provides a structured approach to identifying, assessing, and managing risks.

In particular, it promotes operational and strategic resilience through early identification of what could go wrong and putting controls in place to mitigate impacts before they happen.

Given the nature of the services we provide, we require a robust control environment with effective response plans in place if risks escalate or materialise.

Our risk management framework applies to all activities, decisions, and processes, and we aim to balance the cost of control with the risk appetite and long-term viability of the business. Deviations from these processes are tolerated only if formally agreed and the risk captured.



b. Process for project evaluation and selection

A sustainable approach to procurement

We are committed to promoting a supply chain that delivers long-term value and facilitates the provision of resilient services to our customers. All external supplier expenditure is governed by our procurement and supply chain policies, which ensure procurement decisions are made in an appropriate and compliant manner.

Our ambition is to work in collaboration with our suppliers to responsibly address current and emerging social, economic, and environmental challenges. As such, sustainability considerations now form an increasingly important part of our procurement decision-making. Our [Sustainable Procurement Code](#) outlines our areas of focus on sustainability-related issues and details the expectations and requirements on our suppliers and contractors when undertaking work on our behalf.

c. Management of proceeds

The net proceeds of any finance raised under this Framework will be managed by the Treasury team and allocated against expenditure within the Eligible Sustainable Portfolio.

An allocation log will be maintained to ensure debt is not allocated to the same expenditure more than once. We will hold or invest, at our discretion, any unallocated net proceeds as per our internal treasury policy⁴. Where possible and practicable, unallocated net proceeds will be invested in sustainable liquid investments (see below).

Yorkshire Water's Treasury team will ensure the amounts represented by the Eligible Sustainable Portfolio will exceed, or at least be equal to, the amount of finance raised under the Framework. Typically, we would intend to allocate the full amount of proceeds within the next 24 months following issuance under the Framework.

Sustainable liquid investments

Sustainable liquid investments are:

- Green, Social or Sustainability bonds issued by Governments and/or Government-related entities with a minimum credit rating of AA/Aa2/AA by all of S&P, Moody's and Fitch; and
- Bank Green deposits, with the counterparty, size and tenor of deposits governed by Yorkshire Water's internal treasury policy.

⁴ Our treasury policy outlines the types, amounts and maturities of Authorised Investments we are allowed to invest in, based on the credit rating of the investments or counterparty.

d. Reporting

Yorkshire Water will provide investors with information regarding the assets and expenditures financed and/or refinanced under the Framework, the amounts of proceeds allocated, and the estimated impact of these investments in a combined report or a series of reports.

Allocation Reporting

An Allocation Report will be made available to investors each year (or on an ad hoc basis in the case of any material developments) that will detail:

- How much of the financing raised has been allocated and to which sub-portfolio (Social, Green or Sustainable);
- A brief description of assets and expenses (re)financed with the proceeds and selected case studies if applicable;
- The balance of the unallocated proceeds and type of temporary investments;
- The division of the allocation between new financing and refinancing.

Future Allocation Reports will be published at: keldagroup.com/investors/sustainable-finance/

Impact Reporting

We will report on the impacts of our Eligible Sustainable Portfolio each year through a report called Our Contribution to Yorkshire. This report assesses the impacts of our business activities and investments using our six capitals approach. For each capital, we will include a range of performance indicators showing the extent and condition of our assets, as well as the positive and negative impacts of our activities. Where appropriate, we will place monetary values on our impact performance indicators to allow us to compare different impacts in a common unit.

The following table provides examples of impact performance indicators for each of the six capitals.

Financial <ul style="list-style-type: none"> • Salaries (£m) • Taxes paid (£m) • Pension contributions (£m) • Operating profit (£m) 	Manufactured <ul style="list-style-type: none"> • Landfill waste avoidance (%) • Renewable energy generated (GWh) • Energy use (GWh) 	Natural <ul style="list-style-type: none"> • Water leakage (Ml) • Pollution incidents (No.) • Biodiversity units created (No.) • Carbon emissions (tonnes CO₂e)
Human <ul style="list-style-type: none"> • Colleague turnover (%) • New apprenticeships created (No.) • Colleague engagement (%) • Lost time incident rate (rate) • Gender pay gap (%) 	Intellectual <ul style="list-style-type: none"> • Spend on research and development (£m) • Time spent on colleague training (hours) 	Social <ul style="list-style-type: none"> • Customer experience score (score) • Spend on local suppliers (%) • Internal sewer flooding incidents (No.) • Customers provided with financial support (No.)

Our Contribution to Yorkshire reports and details on the underlying methodologies and assumptions used in our assessments are published at: yorkshirewater.com/capitals

8. External review and assurances

This Framework has been reviewed by DNV to confirm its alignment to the SBP, GBP, SBG, and GLP. The Second Party Opinion prepared by DNV can be found at keldagroup.com/investors/sustainable-finance/external-reviews-and-second-party-opinions/

We will engage a third-party verification firm or auditor to provide a limited assurance report on the annual allocation reporting, and its conformity with this Framework. These reports will provide assurance to investors that proceeds from any finance raised under the Framework have been allocated and reported on correctly in accordance with the terms of this Framework.

Assurance reports will be published in conjunction with our Allocation Reports at: keldagroup.com/investors/sustainable-finance/



Appendix 1:

Sustainable Finance Framework – Eligibility criteria

This section contains details of eligibility criteria and examples of eligible expenditure for SBP and GBP project categories used in Yorkshire Water’s Sustainable Finance Framework. Linkages between project categories and relevant Sustainable Development Goals are also highlighted. Note that project categories for SBP align with those for SLP, and project categories for GBP align with those for GLP. We have updated these eligibility criteria to recognise and account for changes made to the SBP, GBP, SLP and GLP since the first version of the Framework was released in 2019.

SBP project category 1 – Affordable basic infrastructure

Key SDGs: 6. Clean Water and Sanitation; 9. Industry, Innovation and Infrastructure



Example impact metrics:

- Average water supply interruption length (mins)
- Water quality compliance (CRI) (score)
- Customers provided with financial support (No.)

Maintaining and enhancing water assets and services to ensure safe, reliable, and resilient infrastructure to provide Yorkshire’s communities with quality access to safe water through:			Maintaining and enhancing wastewater assets and services to provide Yorkshire’s communities with quality access to sustainable, resilient, and effective sanitation by:		Supporting financially vulnerable customers to access our services by:
Investing at water treatment works (WTW) and in our water distribution network where we observe unacceptable risk to drinking water quality, capacity, reach, resilience or reliability.	Replacing supply pipes to reduce health risk and water leakage.	Proactive maintenance on our water mains to protect quality water supplies.	Investing at wastewater treatment works (WwTW) and in our sewerage infrastructure to ensure resilience, sufficient capacity for the growing population, and to meet tighter legal standards to protect rivers and coasts for the safety and enjoyment of people and to protect wildlife.	Increasing capacity on our sewer network to ensure sufficient capacity for the growing population and economy, and to reduce risk of sewer flooding of homes and public spaces.	Keeping bills affordable and promoting financial assistance to customers who are struggling to pay their water bill through one of our support tariffs.

SBP project category 2 – Access to essential services

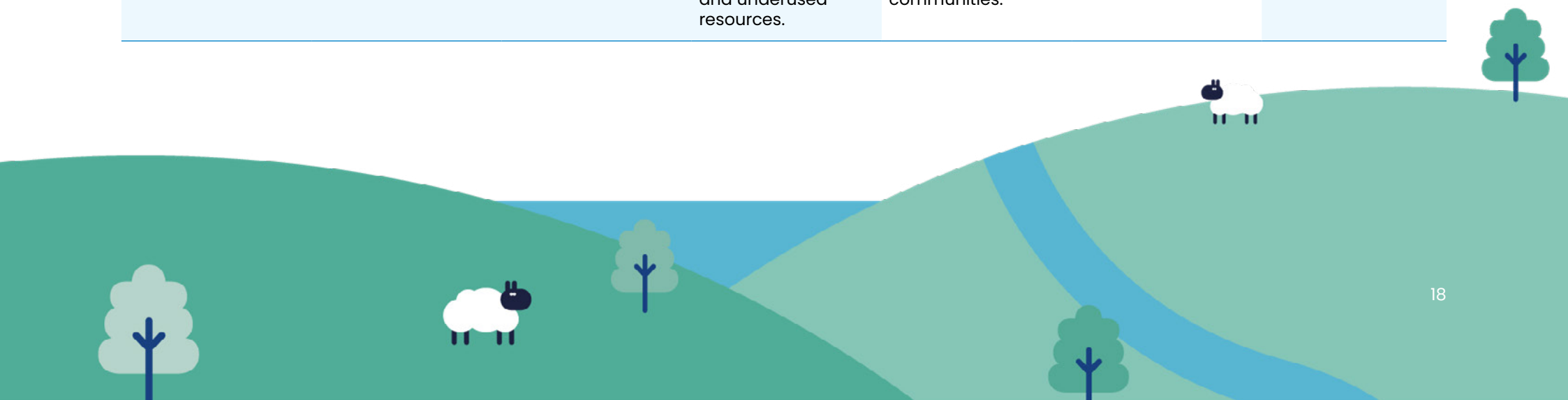
Key SDGs: 3. Good Health and Well-being; 4. Quality Education; 8. Decent Work and Economic Growth; 10. Reduced Inequalities



Example impact metrics:

- Customers provided with financial support (No.)
- Affordability of bills (%)
- Participants in educational programmes (No.)
- Visits involving exercise to Yorkshire Water sites (No.)

Ensuring financially vulnerable customers can effectively access our essential services and are supported when they need it, including:				Supporting undereducated communities by investing in the long-term availability of skills and knowledge, including:		Supporting vulnerable groups at risk of poor health by:
Providing financial support to those that struggle to pay, through our portfolio of financial packages including our social tariff Water Support.	Reducing our own and customer mains-water consumption, including helping businesses switch to non-potable sources of water where they can (e.g. cooling processes).	Providing tailored services for those who need them, including Priority Services Register, Dementia Friends and website accessibility.	Investing to keep bills low, including recovering unpaid debt, investing in productivity levels, renewable energy and energy efficiency measures, innovation and creating value from waste and underused resources.	Providing inclusive education about water and our services to youth and adults, to improve knowledge, technical skills and employability and promote access to our support services to our diverse communities.	Providing inclusive job creation, apprenticeships and recruitment schemes, and our Industrial Cadets work experience programme.	Promoting health and wellbeing in our communities, including through the provision of recreation services on our land.



SBP project category 4 – Employment generation

Key SDGs: 8. Decent work and economic growth; 9. Industry, innovation and infrastructure



Example impact metrics:

- New apprenticeships (No.)
- External hires (No.)
- Total colleagues (No.)

Targeting unemployed and undereducated communities by providing employment, training, and development opportunities by:

Employing thousands of colleagues across the region and indirectly generating many more jobs through our supply chain partners.

Offering performance management and training opportunities to all colleagues to support their career development.

Investing in a pipeline of future talent through our apprenticeship and graduate development programmes.

SBP project category 6 – Socioeconomic advancement and empowerment

Key SDGs: 1. No Poverty; 4. Quality Education; 5. Gender Equality; 8. Decent Work and Economic Growth, 10. Reduced Inequalities



Example impact metrics:

- Participants in educational programmes (No.)
- New apprenticeships (No.)
- Percentage of colleagues from marginalised groups (%)
- Risk of sewer flooding in a storm (%)

Supporting undereducated and unemployed communities through the provision of education, employment, training and development by:

Educating communities on water and water saving. Our bespoke education centres are mainly aimed at Key Stage 2 to support the curriculum but are also open to visitors from across society.

Providing inclusive job creation, apprenticeships, recruitment schemes, and our Industrial Cadets work experience programme.

Supporting marginalised groups through:

Improving equity, diversity and inclusivity across genders, LGBT+, race, disability, social background and more.

Supporting communities vulnerable to flooding through:

Building the resilience of those most at risk of flooding in our region to reduce their exposure and vulnerability to extreme weather events, e.g. our Living with Water and Connected by Water partnerships.

Green Bond Principle 1 – Renewable energy

Key SDGs: 7. Affordable and Clean Energy; 8. Decent Work and Economic Growth; 9. Industry, Innovation and Infrastructure; 12. Responsible Consumption and Production



Example impact metrics:

- Renewable energy generated and used (GWh)
- Renewable energy generated and exported (GWh)

Maintaining and increasing our investment in renewable energy, including:

Operating our renewable energy assets, including anaerobic digesters, biogas CHPs, solar panels, wind and hydro turbines.

Investing to expand the generation capacity, efficiency or capability of our current renewable energy assets, including refurbishing our anaerobic digestors, investing in biogas treatment and increasing sludge throughput.

Investing in new renewable energy infrastructure, including new anaerobic digesters, wind and solar.

Sourcing renewable energy through contractual arrangements, including power purchase agreements, electricity on certified zero-carbon tariffs and green gas certificates.

Green Bond Principle 2 – Energy efficiency

Key SDGs: 7. Affordable and Clean Energy; 8. Decent Work and Economic Growth; 9. Industry, Innovation and Infrastructure



Example impact metrics:

- Energy intensity water (kWh per megalitre of water supplied)
- Energy intensity wastewater (kWh per megalitre of wastewater treated)

Improving energy efficiency through a range of measures, including:

Replacing old plant and machinery with new, more efficient plant and machinery, including pumps.

Retrofitting, refurbishing or upgrading current property, plant and equipment to operate more efficiently.

Introducing and improving monitoring and control systems to manage operations more efficiently, including the use of smart meters, smart networks and artificial intelligence.

Focusing on energy efficiency as part of design specifications, optioneering and build in our capital delivery programme.

Improving fleet and logistics efficiency.

Green Bond Principle 3 – Pollution prevention and control

Key SDGs: 11. Sustainable Cities and Communities; 12. Responsible Consumption and Productions



Example impact metrics:

- Pollution incidents (No.)
- Phosphorus released to environment (t)
- Net carbon emissions (tCO₂e)
- Waste diverted from landfill (%)

Maintaining and enhancing assets and services to prevent pollution, including our programmes to:	Transitioning to a net zero operating model to help ensure a stable climate that continues to provide reliable rain, including:			Ensuring we are disposing of our waste in a safe and responsible manner, and working to reduce our waste generation through prevention, reduction, recycling and reuse.
Invest at WwTW and in our sewerage infrastructure to ensure resilience, sufficient capacity for the growing population, and to meet tighter legal standards to protect rivers and coasts.	Increase capacity and other interventions on the sewer network to ensure sufficient capacity for the growing population and economy, and to reduce escapes from the sewer which cause pollution.	Invest to reduce nuisances caused by our assets, including odour, noise and flies.	Reducing our emissions by investing in, for example, energy efficiency, renewable energy generation, fuel replacement, and innovative asset designs.	Working with our value chain to reduce greenhouse gas emissions, including those associated with our capital programmes and ongoing operation of our assets.



Green Bond Principle 4 – Environmentally sustainable management of living natural resources and land use

Key SDGs: 11. Sustainable Cities and Communities; 12. Responsible Consumption and Production; 15. Life on Land

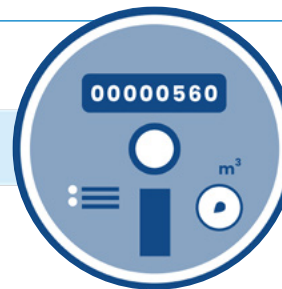


Example impact metrics:

- Area of land conserved or enhanced (ha)
- Trees planted in year (No.)
- Pathways of biosecurity implementation (No.)

Delivering sustainable management of the environment and its resources, including:

<p>Protecting and restoring the land catchments from which we source much of Yorkshire’s public water supply, particularly to stop soil erosion and pollutants, to help ensure high quality sources of water whilst also delivering wider benefits for recreation, carbon storage and wildlife.</p>	<p>Working to address the environmental impacts of water abstraction, as identified in the Water Industry National Environment Programme (WINEP).</p>	<p>Introducing Natural Flood Management (NFM) techniques on our land, and partners’ land, to slow the flow and reduce the risk of flooding in communities downstream, whilst also delivering wider benefits for recreation, carbon storage and wildlife, including:</p> <ul style="list-style-type: none"> Extending the woodland cover on our land and managing our woodland in line with recognised sustainable forestry management schemes. Using planting and land management techniques to store and slow rainwater while also delivering wider benefits for society and wildlife. Managing municipal flood risk through a range of traditional engineering approaches combined with NFM techniques within the region’s cities and their catchments. Restoring and protecting peat uplands as part of our catchment management programmes to protect water quality. This involves re-wetting and revegetating peatlands to a more natural state in which they can act as a sponge to store water. 	<p>Delivering programmes to protect soils and to control Invasive Non-Native Species (INNS) on our catchment land.</p>
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Green Bond Principle 5 – Terrestrial and aquatic biodiversity conservation

Key SDGs: 6. Clean Water and Sanitation; 14. Life Below Water; 15. Life on Land



Example impact metrics:

- Length of river improved (km)
- Biodiversity units created (No.)
- Solutions delivered in partnership with others (No.)

Playing our role as a water company to conserve, protect and restore water-related ecosystems, including forests, wetlands, rivers, peatlands and coastal waters, responding to both regulatory requirements and wider expectations, including:

Meeting our requirements under the Water Industry National Environment Programme (WINEP) and Water Industry Strategic Environmental Requirements (WISER).

Protecting and improving SSSIs and other special habitats.

Restoring fish migration routes for improved spawning, such as through our Fish Passage Programme.

Carrying out river restoration trials to improve river environments beyond our large capital investments at WwTW.

Investing to reduce nutrient pollution.

Managing our woodland in line with recognised sustainable forestry management schemes.

Working in partnership with others to conserve and enhance biodiversity across the region.

Green Bond Principle 6 – Clean transportation

Key SDG: 11. Sustainable Cities and Communities



Example impact metrics:

- NO_x emissions (t)
- PM_{2.5} emissions (t)
- Net carbon emissions (tCO₂e)

Moving to a low carbon fleet and to solutions that reduce transportation use, including:

Transitioning our fleet to electrical, biogas and hydrogen vehicles.

Investments into new infrastructure to support low carbon transportation, including electric vehicle charging points.

Investments in new technologies to reduce travel.

Improving fleet and logistics efficiency.

Working with our value chain to support a wider move to clean transportation, including where relevant for our capital programmes and ongoing operation of our assets.

Green Bond Principle 7 – Sustainable water and wastewater management

Key SDGs: 6. Clean Water and Sanitation; 12. Responsible Consumption and Production



Example impact metrics:

- Water abstraction (Ml)
- Leakage (Ml/day)
- Average water consumption per head of population (litres/person/day)

Investing in the sustainable management of water and wastewater and reducing our own and customer mains-water consumption, including:

Maintaining and enhancing water and wastewater assets and services to ensure quality, reliable, sustainable and resilient infrastructure to provide safe water and sanitation and to meet tighter legal standards to protect rivers and coasts.

Investing to reduce leakage and bursts in our network and our customers pipes.

Working with our business and other non-household customers to switch to non-potable sources of water where they can, for example, by helping them use lower grades of water in cooling and washing processes where potable standards are not necessary.

Working with our customers and others to manage and reduce water consumption and to support and strengthen the participation of local communities in improving water and sanitation management.

Investing in water efficiency measures at our operational sites and in our offices, for example, by minimising the loss of backwash water used in water treatment processes and replacing use of potable water in wastewater treatment processes with lower grades of water.

Developing infrastructure to increase recycling and safe reuse of water.

Ensuring sustainable abstraction and implementing integrated water resources and catchment management.



Green Bond Principle 8 – Climate change adaptation

Key SDGs: 1. No Poverty; 13. Climate Action; 17. Partnership for the Goals



Example impact metrics:

- Risk of severe restrictions in a drought (%)
- Risk of sewer flooding in a storm (%)

Investing in the sustainable management of water and wastewater and reducing our own and customer mains-water consumption, including:

Investment at our own assets to protect them from extreme weather impacts like flooding.	Investment in programmes across Yorkshire to work in partnership to manage flood risk and build the resilience of those most at risk of flooding in our region to reduce their exposure and vulnerability to extreme weather events, e.g. our Living with Water and Connected by Water partnerships.	Introducing NFM techniques and Sustainable Urban Drainage Systems on our land, and partners' land, to slow the flow and reduce the risk of flooding in communities downstream, whilst also delivering wider benefits for recreation, carbon storage and wildlife.	Planning for and responding to drought conditions and low river flows, including development and implementation of our Water Resource Management Plans.	Planning for and responding to longer, heavier rainfall events and more intense storms, including development and implementation of our Drainage and Wastewater Management Plans, our Storm Water Management Strategy and investment in our assets to reduce the risk of flooding and sewer flooding.	Delivering on the actions set out in our latest Adaptation Report. These reports form part of the UK's climate risk assessment and policy cycle under the Climate Change Act, 2008.	Investing in smart networks and data analytics to build network resilience to climate-related shocks and stresses.
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Green Bond Principle 9 – Eco-efficient and/or circular economy adapted products, production techniques and processes

Key SDGs: 8. Decent Work and Economic Growth; 11. Sustainable Cities and Communities; 12. Responsible Consumption and Production

Example impact metrics:

- Value created from waste or underused resources (£m)
- Waste diverted from landfill (%)

Reducing waste generation through prevention, reduction, recycling and reuse and embracing the principles of the circular economy, including:

Investing to create value from waste and under-used resources that currently exist in our and our partners' businesses, such as grit and screenings; fats, oils and greases (FOGs); water and wastewater sludges (including potential calorific, mineral and nutrient value); heat lost to the environment; construction, repair and maintenance waste; and under-utilised land.

Working with our business and other non-household customers to switch to non-potable sources of water where they can, for example, by helping them use lower grades of water in cooling and washing processes where potable standards are not necessary.

Developing infrastructure to increase recycling and safe reuse of water.

Prolonging asset life, reducing asset replacement need and associated waste, for example through re-living of assets and re-lining pipes.

Investing in opportunities to provide heating and cooling services where these are by-products of our assets and processes.

Developing and working in partnerships for more circular or sustainable outcomes, eg through systems thinking or integrated catchment management.



yorkshirewater.com

debtIR@keldagroup.com

Yorkshire Water Services Limited,
Western House, Halifax Road, Bradford, BD6 2SZ.
Registered in England and Wales No.02366682



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