

AFFINITY WATER GREEN FINANCE FRAMEWORK 2021

DNV INDEPENDENT ASSESSMENT

Scope and Objectives

Affinity Water Limited (henceforth referred to as "Affinity Water") is the largest water-only supply company that manages water assets in the UK, serving a population of around 3.83 million operating in the South-East of England, over an area of approximately 4,500 km².

Affinity Water together with its subsidiaries, Affinity Water Finance PLC and Affinity Water Finance (2004) PLC, has developed a Green Finance Framework (the "Framework") under which it can issue Green Funding Instruments (i.e., green private placements (including US private instruments); green bonds; green loans) to support its environmental objectives. The Framework aligns Affinity Water's strategic and sustainability priorities with its funding and financial strategy and is intended to attract investors and partners who are supportive of the company's goals to deliver positive environmental impacts in the communities.

DNV Business Assurance Services UK Limited (henceforth referred to as "DNV") has been commissioned by Affinity Water to provide a review of the Framework against the International Capital Market Association ("ICMA") Green Bond Principles 2021 ("GBP") and the Loan Market Association ("LMA") Green Loan Principles 2021 ("GLP"). Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of the Green Bonds Financing Instruments issued via the Framework; the value of any investment; the alignment of associated bonds or financing instruments with regulatory requirements; or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Affinity Water and DNV

Affinity Water has provided the relevant information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Affinity Water's management and other interested stakeholders, as to whether the Framework is aligned with the Principles issued by the ICMA and the LMA based on the information provided to us. DNV's assessment is supplemented with international guidelines and standards, as well as DNV's technical expertise to assess sustainability eligibility. In our work, we have relied on the information and the facts presented to us by Affinity Water or its subsidiaries. DNV is not responsible for any aspect of the projects referred to in this opinion, and cannot be held liable if estimates, findings, opinions or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Affinity Water and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create an Affinity Water-specific Green Finance Framework 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 Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The "Use of Proceeds" criteria is guided by the requirement that an issuer of a Green Bond or Loan must use the funds raised to finance or refinance, eligible projects or assets. The eligible projects or assets 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 Green Bond or Loan should outline the process it follows when determining the eligibility of an investment using the Green proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The "Management of Proceeds" criteria is guided by the requirements that a Green Bond or Loan should be tracked within the issuing organisation, that separate portfolios 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 to the investors should be made of the use of Green Bond or Loan proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Affinity Water 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 an Affinity Water-specific Protocol, adapted to the purpose of the Framework as described above and in Schedule 2 of this document;
- Assessment of documentary evidence provided by Affinity Water on the Framework and supplemented by high-level desktop research. These checks refer to current assessment, best practices and standards methodology;
- Discussions with Affinity Water's management and a review of the relevant documentation and evidence, related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria as detailed in Schedule 2 of this document.

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.

Affinity Water has confirmed that an amount equivalent to the net proceeds of the Green Funding Instruments (i.e., green private placements (including US private instruments); green bonds; green loans) to be issued under the Framework, will be used to finance or refinance in whole or in part, Green Projects or Physical Green Assets that fall within the Eligible Green Project categories below:

Eligible Green Project Categories:

- Sustainable water and wastewater management;
- Pollution prevention and control;
- Terrestrial and aquatic biodiversity conservation; and
- Energy efficiency.

Affinity Water has confirmed that it will endeavour to allocate the Net Proceeds to Eligible Green Projects originated, approved, financed or completed between 2 years before the issuance date of a Green Financial Instrument to 2 years after the issuance date. This also applies to the refinancing of existing Physical Green Assets.

Having reviewed the evidence provided we can confirm that Affinity Water has appropriately defined the eligibility criteria for each green project category and that they are aligned to the applicable UN SDGs. Affinity Water has also provided a list of examples of projects under each Eligible Green Project category (further detailed in Schedule 1). The Eligible Green Project categories as outlined in the Framework are consistent with those listed in the GBP and GLP.

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

Affinity Water has set up a "Green Finance Committee" that is responsible for the evaluation and selection of Green Projects or Physical Green Assets. The Committee will be comprised of the CFO, alongside specialists as required from sustainability, capital delivery, operations and treasury. The Committee will meet annually and will have the following responsibilities:

- Ensuring allocations are aligned with Affinity Water's relevant environmental policies;
- Approving changes to the register of Eligible Projects if they no longer meet the eligibility criteria;
- Ensuring alignment with the GBP and the GLP; and
- Reviewing Allocation and Impact Reporting

We have also reviewed the "Governance Code" as developed by Affinity Water and its governance approach as detailed in the Annual Report for the financial year 2020/2021. We can confirm that Affinity Water has a well-established governance process in place, appropriately describes the procedures used to evaluate, select and track Eligible Green Projects, and that this is in line with the GBP and the GLP.

3. Principle Three: Management of Proceeds.

The management of the net proceeds from the issuances will be the responsibility of Affinity Water's Treasury function, which will oversee the register of all Eligible Green Projects and associated investments. These will be recorded in the company's accounting system. The Treasury will also present the information on an annual basis to the Green Finance Committee who will have the final

approval over any allocation of new funds raised or re-allocation of proceeds. Where proceeds cannot be immediately allocated, funds will initially be placed as deposits, money market funds or temporary refinancing purposes as per Affinity Water's Treasury Policy.

DNV has reviewed the evidence and concludes that Affinity Water has committed to appropriately managing the net proceeds arising from the green bond/financing instruments and is in line with the requirements under the GBP and the GLP.

4. Principle Four: Reporting.

DNV can confirm that Affinity Water has committed to producing an annual report, providing information on both the allocation and impact of the Green Funding Instruments.

In terms of 'Allocation Reporting', a list of the Eligible Projects to be funded by Affinity Water will be reported publicly on their website on an annual basis, and will include the following information:

- A description of the projects funded under the Framework, supported by case studies;
- The share of financing and re-financing in allocated proceeds; and
- Details on how unallocated proceeds are being held.

In terms of 'Impact Reporting', Affinity Water will endeavour to report on impact indicators in line with the ICMA Framework for Impact Reporting. Affinity Water has also identified example indicators to support their 'Impact Reporting' – for instance¹:

- Customers served (number).
- Compliance Risk Index (CRI) score.
- Reduction in leakages, measured in megalitres per day (Ml/d).
- ILI as a measure of the efficiency of Affinity Water's infrastructure.
- Reduction in per capita consumption, measured in litres per person, per day (l/p/d).
- Meters installed (number).
- Customers engaged and signed up to campaigns (number).
- The total area of active catchment management schemes per year (ha/yr; km²/yr).
- Reduction in unsustainable abstractions, measured in megalitres per day (Ml/d).
- Delivery of biodiversity projects e.g., watershed in square meters (sq/m) of land reserved for biodiversity per year (sq/m /yr), or total spend per year (£/yr).
- Length of rivers improved in kilometres (km).
- Area of cover crops planted (ha).
- Pump/critical asset replacement programme progress – measured in total number replaced and total energy saved (number replaced / energy saved).
- Energy saved from supply automation - measured as energy consumption per meter squared of water produced (kWh/m³).

DNV concludes that Affinity Water has committed to producing appropriate reporting on the environmental impacts of the various Green Funding Instruments, which is in line with the Framework and the requirements of the GBP and the GLP.

¹ See Schedule 2 for a further detail.

Based on the information provided by Affinity Water and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol and is aligned with the stated definition of green bonds within the Green Bond Principles (GBP) 2021 and the Green Loan Principles (GLP) 2021.

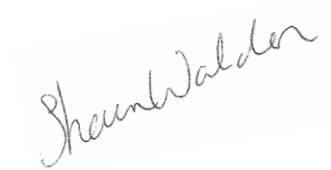
for DNV Business Assurance Services UK Limited

London, 06 September 2021

A handwritten signature in black ink, appearing to read "NHutson", written over a light blue rectangular background.

Nichola Hutson (PhD)

Senior Consultant and Project Manager
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden", written over a light blue rectangular background.

Shaun Walden



Principal Consultant 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 ACTIVITIES TO BE FINANCED BY AFFINITY WATER

ICMA Eligible Green Project Categories	Eligibility Criteria	Alignment to UN SDGs
Green Categories applicable to Affinity Water’s Framework:		
1. Sustainable Water and Wastewater Management	<p><u>Treatment investment</u> – Expenditures/projects aimed at maintaining/upgrading existing water treatment assets and ending unsustainable abstraction.</p> <p><u>Leakage reduction</u> – Expenditures aimed at finding and fixing leaks, existing or future.</p> <p><u>Production and Supply</u> – Expenditures related to the abstraction, treatment, storage and pumping of water.</p>	
2. Pollution Prevention and Control	<p><u>Demand management</u> – Expenditures aimed at reducing ‘Per Capita Consumption (PCC) of water.</p> <p><i>Examples include ‘Save Our Streams awareness campaign,’ home water efficiency checks, issuing water-saving devices and universal metering.</i></p> <p><u>Catchment management</u> – Expenditures aimed at improving raw water quality, thereby reducing water treatment requirements and the associated costs, energy needs and carbon emissions.</p> <p><i>An example is the Mimmshall Brook Project detailed at this link (click here).</i></p>	

<p>3. Terrestrial and Aquatic Biodiversity Conservation</p>	<p><u>River restoration</u> – Expenditures aimed at:</p> <ul style="list-style-type: none"> - Re-naturalising river channels to improve health and biodiversity. - Making rivers more resilient to environmental shocks and stresses such as drought. <p><i>Examples include past river restoration projects in Hertfordshire, Bedfordshire and Amersham, with case studies available at this link (click here).</i></p> <p><u>Climate change adaptation</u> – Expenditures aimed at reducing unsustainable abstraction of groundwater and improving environmental resilience in situations, where Affinity Water’s operations have a negative impact on the environment.</p>	
<p>4. Energy Efficiency</p>	<p>Investments and/or expenditures aimed at improving the energy efficiency of Affinity Water’s water system.</p>	

SCHEDULE 2: AFFINITY WATER-SPECIFIC GREEN FINANCE ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of Bond/Loan	<p>The Bond/Loan must fall in one of the following categories:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond/Loan • Revenue Bond/Loan • Project Bond/Loan • Securitised or covered Bond/Loan 	<p>Discussions with Affinity Water and review of the following document:</p> <ul style="list-style-type: none"> • Affinity Water - Green Finance Framework 2021. 	<p>The Framework outlines the type of Financing Instruments (i.e., Green Bonds, Green Private Placements (including US Private Placements, Green Loans)) that are expected to be issued under the Framework, which is limited to the "Use of Proceeds" that are Green in nature.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond/Loan is the utilisation of the proceeds of the Bond/Loan should be appropriately described in the legal documentation for the security.</p>	<p>Discussions with Affinity Water and review of the following documents:</p> <ul style="list-style-type: none"> • Affinity Water - Green Finance Framework 2021. • Annual Report and Financial Statements for FY20/21 [online]. • Case Studies within the Framework. • Case studies published on Affinity Water's website [online: 1, 2, 3, 4]. • Water Resources Management Plan 2020-2080 [online]. • News release: Affinity Water puts nature to the test to improve the efficiency and resilience of water supplies [online]. 	<p>The eligible expenditures defined by Affinity Water to be financed or refinanced, in part or whole, fall within the below Eligible Green Project Categories:</p> <p><i>Green Categories:</i></p> <ul style="list-style-type: none"> • Sustainable Water & Wastewater Management • Pollution Prevention & Control • Terrestrial and Aquatic Biodiversity Conservation • Energy Efficiency <p>These projects also align with the relevant UN SDGs; Affinity water has conducted an SDG mapping exercise to ensure that the most material SDGs have been selected and that they are within the reach of the business. It has aligned the green project categories under the Framework with the appropriate SDGs, which will help to deliver on these goals.</p> <p>The expenditures form part of Affinity Water's Eligible Green Projects and are consistent with the categories as outlined in the GBP and the GLP.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> • Save Our Streams campaign [online]. • Plan for Net Zero by 2030 [online]. 	<p>DNV concludes that the Use of Proceeds is appropriately described in the Framework and will support the achievement of the applicable UN SDGs (see Schedule 1). The specific utilisation of proceeds of each issuance will need to be further assessed on an individual basis, and the relevant legal documentation will need to also be reviewed further.</p>
1c	Environmental benefits	All designated Green Project categories should provide clear environmental benefits which, where feasible, will be quantified or assessed by the issuer.	<p>Discussions with Affinity Water and review of the following documents:</p> <ul style="list-style-type: none"> • Affinity Water - Green Finance Framework 2021. • Affinity Water – Business Plan for 2020 to 2025 [online]. • Annual Report and Financial Statements for FY20/21 [online]. • Case Studies within the Framework. • Case studies published on Affinity Water’s website [online: 1, 2, 3, 4]. • News release: Affinity Water puts nature to the test to improve the efficiency and resilience of water supplies [online]. • Plan for Net-Zero by 2030 [online]. • Water Resources Management Plan 2020-2080 [online]. • Save Our Streams campaign [online]. 	<p>Affinity Water has an overarching purpose “to provide high-quality drinking water for our customers and take care of the environment, for our communities now and in the future”. Additionally, Affinity Water has committed to achieving Net Zero carbon emissions by 2030 and has signed up to the Carbon Disclosure Project (CDP) and Task Force on Climate-Related Financial Disclosures (TCFD) by 2025.</p> <p>Affinity Water has outlined the expected environmental benefits that will be realised by any Green Bond/Financing Instrument issued under the Framework. Specific quantifiable, and qualitative benefits where feasible, of each issuance will be evaluated on a case-by-case basis and is subject to further assessment on an individual basis.</p> <p>We can confirm that Affinity Water has outlined the potential reporting metrics to demonstrate the impact from the different eligible expenditures. For instance:</p> <p><u>Eligible Green Project Categories:</u></p> <p><i>Sustainable Water & Wastewater Management:</i></p> <ul style="list-style-type: none"> ○ Customers served (number). ○ Compliance Risk Index (CRI) Score. ○ Reduction in leakages in megalitres per day (megalitres per day). ○ ILI as a measure of the efficiency of Affinity Water’s infrastructure. <p><i>Pollution Prevention & Control:</i></p> <ul style="list-style-type: none"> ○ Reduction in per capita consumption as litres per person, per day (l/p/d).

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> ○ Meters installed (number). ○ Customers engaged and signed up to campaigns (number). The total area of active catchment management schemes (ha/yr; km²/yr). <p><i>Terrestrial and Aquatic Biodiversity Conservation:</i></p> <ul style="list-style-type: none"> ○ Reduction in unsustainable abstractions in million litres per day (Ml/d). ○ Delivery of biodiversity projects e.g., watershed in square meters (sq/m) of land reserved for biodiversity per year (sq/m/yr), or total spend per year (£/yr). ○ Length of rivers improved in kilometres (km) ○ Area of cover crops planted (ha) <p><i>Energy Efficiency:</i></p> <ul style="list-style-type: none"> ○ Pump/critical asset replacement programme progress – measured in total number replaced (number replaced) or total energy saved (energy saved) ○ Energy saved from supply automation, measured as energy consumption per meter squared of water produced (kWh/m³). <p>The evidence reviewed gives DNV the opinion that the Green Bond/Financing Instruments will deliver clear environmental benefits.</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green Bond / Loan should outline the decision-making process it follows to determine the eligibility of projects using the Green Bond / Loan proceeds.</p> <p>This includes, without limitation:</p> <ul style="list-style-type: none"> A process to determine how the projects fit within the eligible Green Project categories as identified in the Green Bond / Loan Guidelines; The criteria making the projects eligible for using the Green Bond / Loan proceeds. 	<p>Discussions with Affinity Water and review of the following documents:</p> <ul style="list-style-type: none"> Affinity Water - Green Finance Framework 2021. Affinity Water – Business Plan for 2020 to 2025 [online]. Annual Report and Financial Statements for FY20/21 [online]. Annual Report and Financial Statements for FY20/21. Investor Report for FY20/21 [online]. Investor Report: Affinity Water Limited ('Affinity Water'). The twelve-month period ended 31 March 2020. Published on 29 July 2021 [online]. News-Press 	<p>The evidence reviewed by DNV outlines an evaluation and selection process to ensure that Eligible Green Projects to be funded fulfil the Use of Proceeds criteria. This is built on Affinity Water's corporate governance processes, regulated by Ofwat.</p> <p>A Green Finance Committee set up by Affinity Water will be responsible for overseeing the evaluation and selection process of eligible expenditures and will have the following responsibilities:</p> <ul style="list-style-type: none"> Ensuring allocations are aligned with Affinity Water's relevant environmental policies; Approving changes to the register of Eligible Projects if they no longer meet the eligibility criteria; Ensuring alignment with the GBP and the GLP; and Reviewing Allocation and Impact Reporting. <p>The specific issuances will need to be further assessed on a case-by-case basis.</p> <p>DNV concludes that the Green Bond/Financing Instruments to be financed will be appropriately evaluated and selected in line with the Framework, the GBP and the GLP.</p>
2b	Issuer's environmental and social and governance framework	<p>In addition to the information disclosed by an issuer on its Green Bond / Loan process, criteria and assurances, Green Bond / Loan investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.</p>	<p>Discussions with Affinity Water and review of the following documents:</p> <ul style="list-style-type: none"> P19 final determinations. Affinity Water – Outcomes performance commitment appendix, Dec 2019 [online]. Affinity Water – Business Plan for 2020 to 2025 [online]. 	<p>Based on the information reviewed, DNV concludes that Affinity Water has suitable corporate governance and environmental policies in place to observe and fulfil its commitment to its sustainability priorities, and to the relevant UN SDGs, through the Green Bond/Financing Instruments to be issued under the Framework.</p> <p>Affinity Water has created an "Environment Policy" to help work towards an industry-wide target to achieve net-zero by 2030; it outlines how its operations and ambitions as a water supplier align to the applicable UN Sustainable Development Goals (UN SDGs); and clearly defines the roles and responsibilities of the Directors</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> Affinity Water - Green Finance Framework 2021. Affinity Water – Governance code [online]. Annual Report and Financial Statements for FY20/21 [online]. Environmental Policy (Apr 2019). Environment Policy (Apr 2019) [online]. Governance Code (Feb 2021) [online]. Investor Report: Affinity Water Limited ('Affinity Water'). The twelve-month period ended 31 March 2020. Published on 29 July 2021 [online]. Investor Report for FY20/21 [online]. 	and employees. To drive transparency over its operations, Affinity Water has a "Governance Code" in place based on the "UK Corporate Governance Code 2018" that aligns with the Principles set out by "Ofwat".

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bond / Loans should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate	<p>Discussions with Affinity Water and review of the following documents:</p> <ul style="list-style-type: none"> Affinity Water - Green Finance Framework 2021. 	Affinity Water has confirmed that the net proceeds from each green bond or loan issued under the Framework will be used to finance, re-finance, or invest into Eligible Green Projects, as defined under the Framework. The management of the net proceeds will be governed and tracked by Affinity Water's Treasury function, which oversees the full list of the Eligible Green Projects. The Treasury

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Sustainability Projects. So long as the Green Bonds / Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible sustainability investments or loan disbursements made during that period.</p>	<ul style="list-style-type: none"> • Governance Code (Feb 2021) [online]. • Annual Report and Financial Statements for FY20/21 [online]. • Investor Report for FY20/21 [online]. • Project Spend – 2021 to 2025 projections. 	<p>function will present this list for final approval by the Green Finance Committee before allocation.</p> <p>DNV concludes that Affinity Water has an appropriate procedure in place to track and manage the allocation of proceeds from the Green Bond/Financing Instrument issuances.</p>
3b	Temporary holdings	<p>Pending such investments or disbursements to eligible Green Projects or Assets, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.</p>	<p>Discussions with Affinity Water and review of the following document:</p> <ul style="list-style-type: none"> • Affinity Water - Green Finance Framework 2021 • Governance Code (Feb 2021) [online]. • Annual Report and Financial Statements for FY20/21 [online]. • Investor Report for FY20/21 [online]. 	<p>We conclude that Affinity Water has disclosed how it will manage any reallocation of its net proceeds (i.e., the refinancing or investments of proceeds). We can also confirm that this is in line with the Framework and the GBP and GLP requirements.</p> <p>Where proceeds cannot be immediately allocated to finance or refinance projects, funds will initially be placed as deposits, money market funds or temporary refinancing purposes, as specified under Affinity Water's Treasury Policy. Treasury will oversee the register of all projects and associated investments, which will be recorded in the company's accounting system. Any re-allocation of proceeds or the allocation of new funds raised will be subject to the approval of the Green Finance Committee.</p>

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 proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmental impact.	<p>Discussions with Affinity Water and review of the following documents:</p> <ul style="list-style-type: none"> • P19 final determinations. Affinity Water – Outcomes performance commitment appendix, Dec 2019 [online]. • Affinity Water – Business Plan for 2020 to 2025 [online]. • Affinity Water Limited’s environmental performance [online]. • Affinity Water - Green Finance Framework 2021. • Annual Report and Financial Statements for FY20/21 [online]. • Case Studies within the Framework. • Governance Code (Feb 2021) [online]. • Investor Report for FY20/21 [online]. • Investor Report: Affinity Water Limited (‘Affinity Water’). The twelve-month period ended 31 March 2020. Published on 29 July 2021 [online]. • Project Spend – 2021 to 2025 projections. 	<p>Affinity Water has committed to reporting on the Allocation and Impact of the Eligible Green Projects to be financed through the Green Financing Instruments. This will be made available through its website and within its Annual Report until the full allocation of the net proceeds. Reporting will occur on an annual basis (within 12 months), with the material developments/impacts being reported on.</p> <p>Affinity Water has committed to ‘Allocation Reporting’ on:</p> <ul style="list-style-type: none"> • The Green Projects to be funded by Financing Instruments, and the purpose of these bonds/financing instruments; • The split between financing and refinancing; and • Information on how any unallocated proceeds are being held. <p>Affinity Water has also committed to reporting against several Impact Indicators and metrics for the green projects that it intends to fund. For instance:</p> <ul style="list-style-type: none"> • Customers served (number). • Compliance Risk Index (CRI) score. • Reduction in leakages – measured in megalitres, per day (MI/d). • ILI as a measure of the efficiency of Affinity Water’s infrastructure. • Reduction in per capita consumption - measured in litres per person, per day (l/p/d). • Meters installed (number). • Customers engaged and signed up to campaigns (number). • The total area of active catchment management schemes (km²/yr, or ha/yr). • Reduction in unsustainable abstractions (MI/d). • Delivery of biodiversity projects e.g., watershed in square meters (sq/m) of land reserved for biodiversity per year (sq/m /yr), or total spend per year (£/yr). • Length of rivers improved in kilometres (km).

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> Water Quality Information and Reports [online]. 	<ul style="list-style-type: none"> Area of cover crops planted (ha). Pump/critical asset replacement programme progress – measured in total number replaced and total energy saved (number replaced/energy saved). Energy saved from supply automation - measured as energy consumption per meter squared of water produced (kWh/m³). <p>DNV can confirm Affinity Water’s intent to report on the environmental impacts of the Green Bond/Financing Instruments, which will be verified by an external reviewer.</p>