

# AffinityWater

## AFW15 Green Finance Framework

February 2025



# Contents

---

<b>Contents .....</b>	<b>2</b>
<b>Affinity Water at a Glance.....</b>	<b>4</b>
The communities we serve .....	4
Our purpose.....	4
Our Long term ambitions.....	5
<b>Governance at Affinity Water .....</b>	<b>5</b>
<b>Overarching Sustainability Strategy .....</b>	<b>6</b>
Our Company and Our Environment .....	8
UN Sustainable Development Goals .....	10
<b>Framework Rationale .....</b>	<b>11</b>
<b>Green Finance Framework .....</b>	<b>12</b>
Use of Proceeds .....	13
Process for Project Evaluation and Selection .....	15
Management of Proceeds.....	16
Reporting .....	17
External Review .....	18
<b>Case Studies.....</b>	<b>19</b>
<b>Disclaimer.....</b>	<b>21</b>

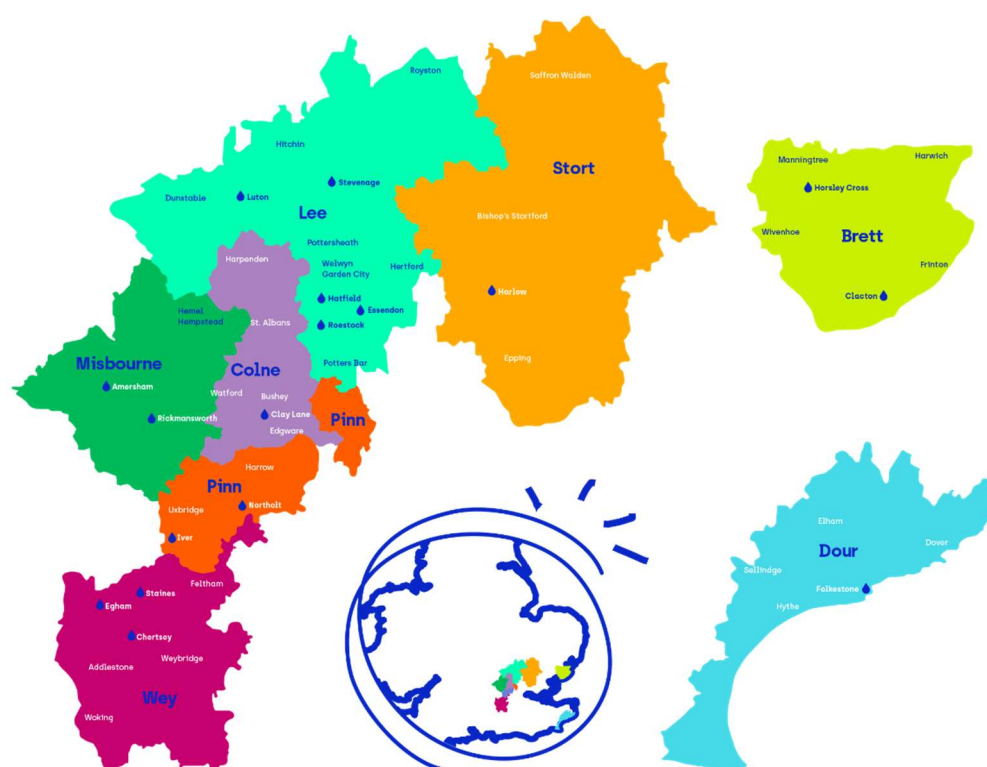
---



## Affinity Water at a Glance

We are the largest 'Water Only' company in the United Kingdom supplying clean water to our local community for more than 170 years. We own and manage the water assets and network in an area of approximately 4,500km<sup>2</sup> across three supply regions in the South East of England and we divide our supply regions into eight different communities, each named after a local river. This allows us to tailor our services to customers on a local level.

### The communities we serve



### Our purpose

Our purpose is to provide high-quality drinking water and to take care of our environment, for our diverse communities now and in the future. This is at the heart of what sustainability means to us and how we can add value to society. We have developed a Environment, Social and Governance ('ESG') framework<sup>1</sup> to understand both risk and the opportunity to add value.

<sup>1</sup> <https://www.affinitywater.co.uk/sustainability>

# Our Long term ambitions

Our long term ambitions, as set out in our Strategic Direction Statement are focused on four key areas: the environment, resilience, our customers and communities.

## Our long term ambitions

### Environment

Leave the environment in a sustainable and measurably improved state.

- End unsustainable abstraction from chalk groundwater sources
- Achieve Net Zero for operational emissions by 2030 and all carbon by 2045
- Deliver a net gain in Natural Capital



### Customers

Deliver what our customers need, ensuring affordability for all.

- Exceed customers' expectations for drinking water
- Personalise our services to support different needs and wants
- Take care of our vulnerable customers and keep bills affordable



### Resilience

Be prepared for change, and resilient to shocks and stresses.

- Ensure a resilient supply of water for our customers
- Ensure our physical assets are resilient for the longterm
- Ensure our people, processes, suppliers and finances remain resilient



### Communities

Work with our communities to create value for the local economy and society.

- Build trust and transparency
- Enhance environmental and social health to provide value to our communities
- Reduce our impact in the water environment for all



## Governance at Affinity Water

We recognise the importance of demonstrating to customers, regulators and other stakeholders that we operate to the highest standards of governance and transparency.

We support the principles of good corporate governance set out in the UK Corporate Governance Code and have adopted our own Governance Code, founded on the governance obligations in our licence and the principles set out in Ofwat's publication (January 2019): Board leadership, transparency and governance – principles. We last reviewed our Governance Code in February 2021.

Our independent non-executive directors are the largest single group on our Board, compared to our executive directors and investor-appointed non-executive directors. Our independent non-executive directors therefore have a strong voice in

the governance of our regulated business. More information about our directors is available on our website<sup>2</sup>.

Alongside our Governance Code, we have published documents<sup>3</sup> which explain how our Board and Committees operate, where decisions are taken and how our shareholders participate in certain key decisions relating to our business. We have also published the respective responsibilities of our Chairman and Chief Executive and the terms of appointment of our independent non-executive directors.

Our Code of Ethics helps to promote and maintain the highest standards of ethics and conduct. It is a series of principles focused on taking care of our organisation and each other, the environment around us, the communities we serve and ultimately our reputation.

Further information about our governance is included in the Annual Report and Financial Statements of Affinity Water Limited and can be found in the Investor Relations section of our website<sup>4</sup>.

## Overarching Sustainability Strategy

Sustainability is at the heart of Affinity Water's activities and all of our plans. More importantly, it demonstrates how we add value to society. To enhance sustainability within our activities, we use environmental, social and governance (ESG) themes aligned to the UN's Sustainable Development Goals, to help us understand both the risks for the business and our opportunities to add value.

The purpose of our ESG strategy is to improve understanding of the ESG themes and define and measure our performance.

Our ESG policy helps guide and align our teams and outlines the key Environmental, Social and Governance activities and commitments.

Our ESG Board Committee acts to ensure strategic focus and direction is given to the ESG matters across the business and to monitor and minimise ESG risks and maximise opportunities to add social and environmental value from our activities.

It monitors the performance of our ESG programmes and balance these with our performance commitments, including overseeing climate-change risks and opportunities and progress towards net zero.

---

<sup>2</sup> <https://www.affinitywater.co.uk/corporate/about/board>

<sup>3</sup> <https://www.affinitywater.co.uk/corporate/about/governance-assurance>.

<sup>4</sup> <https://www.affinitywater.co.uk/corporate/investors/library>

## ESG topics and how they relate to us



### Environment

**Stewarding and protecting natural environment resources and assets**

- Biodiversity and land management plans
- Pollution prevention
- Environmental Policy
- Energy efficiency programmes
- Solar energy generation
- GHG reporting
- Net zero strategy
- Sustainable abstraction
- Water Resources Management Plan
- Waste reduction targets
- Water demand targets
- Climate change adaptation and resilience
- Supply-chain and carbon accounting
- INNS scheme



### Social

**Our culture and engagement with employees, customers, communities and other stakeholders**

- Community partnerships
- Public value creation and voluntary initiatives
- Affordability and cost of living social tariffs
- Community disputes (trust and transparency)
- Customer satisfaction (C-MeX)
- Employee engagement surveys
- Equality, diversity and inclusion commitments
- Wellbeing webinars
- Labour standards and working conditions
- Stakeholder relations
- H&S and wellbeing (employees, customers and communities)
- Affinity Days (employee volunteering)
- Charitable contributions



### Governance

**How we operate and govern ourselves as a company**

- Board composition and independence
- Committees' composition and independence
- Code of Conduct and anti-bribery and corruption
- Data protection and privacy
- Cyber security
- Risk Framework
- Modern slavery and human trafficking
- Executive compensation
- Ethics and Compliance Panel
- Legal Panel
- Lobbying activities
- Whistleblower protection
- Procurement



# Our Company and Our Environment

As a water supplier and stewards of the environment, we recognise the importance of building trust with our customers while remaining accountable for our performance to our communities and wider stakeholders. This is central to achieving our vision of being a community focused, sustainable and responsible business.

ESG principles are the predominant drivers of everything we do which include health and safety, employee engagement and culture, diversity and our environment. Affinity Water is at the forefront of climate change – our operations must be sensitive to the environment in which we operate – in the provision of water for society, in its abstraction from the environment and in the protection of water and the environment for future generations.

Aligned with the UK water industry's target of achieving net zero carbon emissions by 2030 across a range of operational emissions<sup>5</sup>, we have developed our net zero strategy. The strategy is underpinned by four principles that guide how we plan to achieve our net zero targets.

- **Principle 1 – Adopting a net zero culture** - We want all our employees to put GHG emissions at the heart of the choices we make, and feel empowered to reduce emissions across the business. To do this, we are using the Carbon Literacy Project to help us provide the right training and knowledge.
- **Principle 2 – Applying the GHG emissions-management hierarchy to our decision-making** - This principle enables us to prioritise activities that avoid or reduce emissions, helping us to minimise the need to offset emissions that we cannot otherwise eliminate.
- **Principle 3 – Investing in nature-based solutions** - As stewards of our environment, we invest in nature-based projects that preserve water in the environment and create more resilient rivers by restoring waterways and enhancing habitats. We collaborate with farmers on improving soil health through regenerative farming practices, which we believe also provide greenhouse gas emissions benefits. Understanding and prioritising this relationship is a priority as we aim to maximise our environmental benefits.
- **Principle 4 – Working with others** - We cannot reach net zero on our own. To be successful, we need to work closely with our suppliers and wider stakeholders, with the support of our customers. We are working with our supply chain to understand their emissions and look at opportunities to reduce these.

This route to Net Zero confirms our commitment to reducing carbon emissions and we will continue to engage with and support other sectors to achieve this vision. We report our GHG emissions following the 2013 UK Government Environmental Reporting Guidance and using the 2018 UK Government Conversion Factors for

---

<sup>5</sup> <https://www.water.org.uk/protecting-environment/climate-change>

Company Reporting. We'll continue to improve our ESG reporting to our investors and wider stakeholders and we are committed to signing up to the Carbon Disclosure Project (CDP) and Task Force on Climate Related Financial Disclosures (TCFD) by 2025. Through this process we will report on our climate risks and adaptation actions in an integrated way with our progress towards achieving net zero.

We will be updating our net zero strategy over 2025 to take into account the ambitions set out in our 2024 price review. To ensure that we continue to deliver high-quality water to our customers, we have planned for an extensive capital programme over the 2025-2030 period. By reviewing our net zero strategy alongside our 5-year capital programme, we will be able to develop associated targets and a revised plan for 2025-2030.

For any new and complex global societal issue, we strive first to learn and then to define a principled approach to guide our efforts. This has been fundamental to our recent work around chalk streams, and it's the approach we are taking to pursue our carbon goals. We have concluded that six principles will be vital as we continually innovate and take additional steps on an ongoing basis.

- **Addressing the full scope of our emissions.** We will develop carbon accounting and improve our baseline assessments in order to help us reduce our emissions
- **Taking responsibility for our carbon footprint.** We will take responsibility for all our emissions – reducing first, offsetting next
- **Empowering customers.** We will develop and deploy technology to help our customers reduce their carbon and water footprints
- **Ensuring effective transparency.** We will publish our progress in our Annual Report and Financial Statements and updating this route map
- **Using our voice on carbon-related and environmental public policy issues.** We will support new public policy initiatives to accelerate carbon reduction and removal opportunities
- **Enlisting our employees and partners.** We recognise that our employees and partners will be our biggest asset in advancing innovation and driving behavioural change, and we will create new opportunities to enable them to contribute to our efforts

We will phase out our diesel generators, replace pumps with more energy efficient ones, and explore ways to measure our natural capital. This will support our commitment to leaving the environment in a better state than it is today.

# UN Sustainable Development Goals

As a water company supplying a vital resource to our communities, we have identified which goals are particularly applicable to us and our long-term ambitions. The United Nations' SDGs are a blueprint to achieve a better and more sustainable future for all. The 17 related goals address the global challenges we face including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice.



## Promoting a culture of diversity and inclusivity throughout the workplace

Our Equality, Diversity and Inclusion Committee is tasked with understanding the challenges our industry faces, including gender equality. We have set long-term goals to ensure our employee diversity is representative of the communities we serve. We have published our revised EDI strategy <https://www.affinitywater.co.uk/docs/reports/EDI-Strategy-2023-2030.pdf>



## Supplying quality water, working alongside sewerage companies regarding sanitation

We use the latest treatment technology and monitoring system to ensure a consistent supply of high-quality water to our customers, benefiting the wider communities and positively impacting our environment.



## Ensuring employees are engaged, making Affinity Water a great place to work

Our culture and ways of working are based on five key principles that are embedded in everything we do. We want to ensure we are a responsible employer and are contributing to both our shareholder returns and providing wealth and income to the communities we serve and where our employees live.



## Securing sustainable quality water and investing in our assets to supply to domestic and commercial customers

We continuously invest in our physical assets, both above and below ground, to ensure we have stable long-term assets available to continue to provide water to future generations.



## Supporting vulnerable customers that need help paying their bill or accessing their water

We treat all members of our communities fairly and inclusively, providing a flexible service that can be used by all consumers equally, regardless of their health, age or personal circumstances.



## Securing the long-term provision of sustainable water for all

Our Water Resources Management Plan identifies, over a 50-year period, how we will balance available supplies with required demand, to ensure a reliable water supply for future generations. Our WRMP is available on our website: [affinitywater.co.uk/corporate/plans/water-resources-plan](https://www.affinitywater.co.uk/corporate/plans/water-resources-plan)



## Supplying quality water for all and protecting the environment

We are continuously adapting to the challenges that climate change poses to our industry as well as considering our own impact on climate change, by looking at ways we manage our natural capital.



## Ensuring sustainable water sourcing and protecting the environment

We are working with stakeholders to address the environmental challenges of protecting our precious local rivers and habitats while encouraging behavioural change. We are reducing groundwater abstraction, to leave more water in the environment to ensure we can meet future demand.



## Increasing biodiversity and sustaining the environment

Our catchment management programme aims to make a positive impact on the environment by improving soil and water quality, capturing carbon, and managing flood risk.

## Framework Rationale

The Green Finance Framework (the "Framework") aligns Affinity Water's strategic and sustainability priorities with its funding and financial strategy. Affinity Water has selected a number of key expenditures which are fundamental to its Sustainability Strategy and deliver tangible environmental and indirect positive impacts on society, in addition to contributing to the United Nations' Sustainable Development Goals (UN SDGs). Affinity Water looks to attract investors who are supportive of these goals, as these act as valuable partners in supporting our journey and contribution to a more sustainable society.

# Green Finance Framework

Under this Framework, Affinity Water Limited including any of its subsidiary entities Affinity Water Finance PLC and Affinity Water Finance (2004) PLC, hereafter Affinity Water will be able to issue Green Bonds/Financing Instruments to support our environmental objectives.

This Green Finance Framework 2025 supersedes prior versions published in 2022 and 2023. We have developed this Framework under which we can issue various Green funding instruments, including but not limited to:

- Green Private Placements (including US Private Placements)
- Green Bonds
- Green Loans

Affinity Water's Framework aligns to the following principles/guidelines as published by the International Capital Markets Association ("ICMA") and Loan Market Association ("LMA"):

- ICMA Green Bond Principles ("GBP") (June 2021 – with 2022 appendix)<sup>6</sup>
- LMA Green Loan Principles (February 2023)<sup>7</sup>

The four core components of the principles being

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting



---

<sup>6</sup> <https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>

<sup>7</sup> [https://www.lma.eu.com/application/files/8916/9755/2443/Green\\_Loan\\_Principles\\_23\\_February\\_2023.pdf](https://www.lma.eu.com/application/files/8916/9755/2443/Green_Loan_Principles_23_February_2023.pdf)


## Use of Proceeds




We will allocate an amount equal to net proceeds from the issuance of green finance instruments to finance or refinance, in part or in whole eligible projects which meet the criteria set out in this framework.

We have identified the following Eligible Green Project categories:


- Sustainable water and wastewater management
- Renewable Energy
- Clean Transportation
- Terrestrial and aquatic biodiversity conservation
- Energy Efficiency

Examples of relevant projects/activity are below:

ICMA Eligible Green Project Category	Eligibility Criteria	UN SDGs
<b>Sustainable water and wastewater management</b>	<p><b>Treatment investment</b> – Expenditure related to maintaining and upgrading water treatment assets and investing in new assets to reduce unsustainable abstraction.</p> <p><b>Leakage reduction</b> – Expenditure aimed at finding and fixing leaks or future potential leaks.</p> <p><b>Sustainable abstraction</b> - Projects designed to provide sustainable water solutions for future generations including expenditure which maintain, enhance and upgrade our water network</p> <p>Examples of eligible activities include:</p> <ul style="list-style-type: none"> <li>• Schemes designed to address the water imbalance between water abundant areas and water stressed areas</li> <li>• Expenditure designed to reduce abstraction from delicate and sensitive water ecosystems such as our rare chalk streams</li> </ul> <p><b>Environmental monitoring</b> – collecting field data to understand the impact of our abstraction</p> <p>Examples of eligible activities include:</p> <ul style="list-style-type: none"> <li>• Installation and maintenance of data loggers in river systems</li> <li>• Water sampling and testing</li> </ul> <p><b>Demand management</b> – Expenditure aimed at reducing water usage in the community. Eligible expenditure includes:</p>	

	<ul style="list-style-type: none"> <li>• Education campaigns<sup>8</sup></li> <li>• Home water efficiency checks</li> <li>• Issuing water saving devices</li> <li>• Universal metering including the installation of Smart Meters.</li> </ul>	
<b>Renewable Energy</b>	<b>Renewable Energy</b> - Expenditure related to increasing our ability generate energy from renewable sources such as investments in Solar PV technology	
<b>Clean Transportation</b>	<b>Carbon Transition</b> - Expenditure related to reducing our carbon footprint including investments in a zero carbon fleet and sustainable carbon management. Eligible Expenditure includes: <ul style="list-style-type: none"> <li>• Operational Fleet Electrification</li> <li>• Installation of EV charging points</li> </ul>	
<b>Terrestrial and aquatic biodiversity conservation</b>	<p><b>River restoration</b> – Expenditure aimed at re-naturalising river channels to improve the health of the river, its ecosystem and associated biodiversity. Examples of eligible activities include:</p> <ul style="list-style-type: none"> <li>• Customer focused education campaigns</li> <li>• Revitalising our rare chalk streams including installation of fencing and livestock crossing points</li> <li>• Improving flow variation in our river systems to cope with natural changes in flow changes such as narrowing river channels, bypassing obstacles and creating meanders</li> </ul> <p><b>Biodiversity, Species and Habitat Management</b> - expenditures related to ensuring that biodiversity within our catchment area is in a better position than we found it. Eligible activities include:</p> <ul style="list-style-type: none"> <li>• Investment in technology and Ecology surveys to monitor the health and wellbeing of rare fauna and flora in our catchment area</li> <li>• Supporting species protected by law such as barn owls and bats by building bird and bat boxes in our supply area</li> <li>• Preventing the introduction and spread of Invasive Non-Native Species (INNS) around our river systems via partnerships with local organisation and biosecurity initiatives to prevent INNS</li> </ul>	

<sup>8</sup> [www.saveourstreams.co.uk](http://www.saveourstreams.co.uk)

<p><b>Energy Efficiency</b></p>	<p><b>Energy Efficiency</b> - Investments and/or expenditures relating to improvement in the energy efficiency of Affinity Water.</p> <p>Examples of eligible activities include:</p> <ul style="list-style-type: none"> <li>• Targeted pump and borehole replacements</li> <li>• Employee education and behavioural change campaigns including dedicated energy saving app</li> <li>• Data driven systems and process optimisation</li> <li>• Upgrading our office environment management systems</li> <li>• Investments in technologies to decrease our energy use</li> </ul>	
---------------------------------	---	---

Affinity Water aims to allocate the Net Proceeds to Green Projects originated, approved, financed or completed between 24 months before (look-back period) the issuance date of a Green Financial Instrument to 24 months after the issuance date.

The proceeds may be used to finance or refinance intangible assets such as R&D or education in support of Green Projects so long as these expenditures are associated with clear environmental benefits.

In addition, the Net Proceeds can be used for the refinancing of existing physical Green assets insofar as they are in use, follow the relevant eligibility criteria at the time of issuance and are still assessed as making a meaningful impact and will be subject to the same look back period above.

On a monthly basis, the treasury team will also ensure that the balance of the outstanding Net Proceeds is reduced by an amount equal to the amount allocated to eligible green projects.

## Process for Project Evaluation and Selection

As a regulated water company, we have strong corporate governance structures in place. The Board is the ultimate decision-making authority and approves the annual budget and business plan for each 5-year regulatory period.

Affinity Water has set up a Green Finance Committee who will meet annually and oversee the evaluation and selection of suitable Eligible Green Projects for funding via Green Instrument issues. The Green Finance Committee will include the Chief Finance Officer, Head of Corporate Finance and Director of Regulation and Strategy alongside specialists as required from sustainability, capital delivery, operations and treasury.

Expenditures will be assessed annually by the Green Finance Committee to determine whether they meet the definition of an Eligible Project, in line with the proposed Green categories outlined in the table above. A final decision on alignment to the framework will be made by the collective committee.

The Green Finance Committee is responsible for:

- Ensuring allocations are aligned with our relevant environmental policies
- Ensuring allocations are aligned with relevant social and environmental regulations allowing negative impacts to be appropriately managed
- Reviewing the register of Eligible Projects, which is maintained by Affinity's Treasury function
- Approving changes to the register of Eligible Projects in the event that they no longer meet the eligibility criteria
- Ensuring alignment with the ICMA Green Bond Principles (June 2021 – with June 2022 Appendix 1) and LMA Green Loan Principles (February 2023)
- Reviewing Allocation and Impact Reporting
- Reviewing and approving changes to the Green Finance Framework

## Management of Proceeds

The Net Proceeds arising from the issuance of our Green Instruments will be appropriately managed by our Treasury Function using our existing internal financial reporting processes. All expenses against projects will be tracked by our Financial, Planning and Analysis team and will ultimately be used to finance, refinance or invest in eligible projects that are in keeping with this Framework.

Affinity Water will maintain a register on an ongoing basis for tracking Green Projects to which Net Proceeds are to be allocated, or have been allocated, with associated investments recorded in its accounting systems.

The register will detail the following:

- Details of the Green Instruments including transaction date, amount of net proceeds, maturity date, coupon and ISIN number (if applicable).
- Details of the Use of Proceeds including project details

The Treasury function will maintain the register of Eligible Green Projects and will present to the Green Finance Committee on an annual basis, from which it can allocate against new funds raised. Where any proceeds cannot be immediately allocated to finance or refinance Eligible Green Projects, the funds will be placed as cash deposits or money market funds purposes in accordance with the limits set out in our Treasury Policy which aims to ensure sufficient liquidity is available at all times should the proceeds be needed for Eligible Green Projects.

If a project no longer qualifies under the above eligibility criteria, Affinity Water will either reclassify funds assigned to that project as unallocated proceeds or reallocate the proceeds to a project which does meet the eligibility criteria.

## Reporting

Affinity Water will produce a report annually on the allocation of proceeds and the impact of outstanding Green funding. The report will include a list of the categories to which net proceeds have been allocated, as well as a brief description of the projects and their expected impact.

Allocation and impact reporting will be made available to investors and wider stakeholders on our website<sup>9</sup> within 12 months from the issuance of any Green Financial instrument. Reporting will occur on an annual basis until full allocation of the Net Proceeds, with material developments being reported in a timely manner.


### Allocation Reporting

Affinity Water's allocation reporting will include:





- A description of the Green Projects financed under the Framework with case study examples
- The allocation granted to eligible projects
- The split between financing and refinancing
- Information on how any unallocated proceeds are being held

### Impact Reporting

Affinity Water intends to report, on a best efforts basis where possible, in alignment with the ICMA Harmonised Framework for Impact Reporting 2024.

ICMA Eligible Green Project Category	Example Impact Indicators	UN SDGs
<b>Sustainable water and wastewater management</b>	Reduction in Per Capita Consumption (l/p/d) Compliance Risk Indicator Score Reduction in leakages (Ml/d) Meters installed (number) Customers engaged and signed up to campaigns (number) Reduce unsustainable abstractions (Ml/d) as defined by the Environmental agency Greenhouse gas emissions reduced or avoided – tonnes of CO <sub>2</sub> equivalent or intensity figures (tCO <sub>2</sub> e)	

<sup>9</sup> <https://www.affinitywater.co.uk/corporate/investors/library>

ICMA Eligible Green Project Category	Example Impact Indicators	UN SDGs
<b>Renewable Energy</b>	Renewable energy produced (GWh) Total Area of Solar Panels installed (m <sup>2</sup> )	
<b>Clean Transportation</b>	Percentage of operational vehicle fleet with tailpipe emissions of zero (%) EV Charging points installed at operational sites (number)	
<b>Terrestrial and aquatic biodiversity conservation</b>	Delivery of biodiversity projects e.g. watershed in square metres (m <sup>2</sup> ) of land reserved for biodiversity per year (m <sup>2</sup> /yr), or total spend per year (£/yr) Length of rivers improved (km) Total area of active Catchment Management schemes (ha/yr ; km <sup>2</sup> /yr) Net Biodiversity Gain (%)	
<b>Energy Efficiency</b>	Pump/critical asset replacement programme progress (number replaced/ energy saved) Energy saved from supply automation kWh/m <sup>3</sup> (energy consumption per m <sup>3</sup> of water produced)	

## External Review

DNV Business Assurance Services UK Limited ("DNV") has been appointed to opine on the alignment of the Framework to the ICMA Green Bond Principles (June 2021 – with 2022 Appendix) and the LMA Green Loan Principles (February 2023).

DNV has provided a Second Party Opinion (SPO) of Affinity Water's Framework, which can be found on Affinity Water's website<sup>10</sup>. This review will cover issuance of Green Instruments issued under this framework.

External verification of the allocated and unallocated portions of the Net Proceeds will be provided by an external reviewer along with any allocation reports issued whilst Green Instruments are outstanding. The level of assurance provided will be disclosed.

<sup>10</sup> [https://www.affinitywater.co.uk/docs/Investor\\_Library/GreenFinance/second-party-opinion-green-finance-framework-2025.pdf](https://www.affinitywater.co.uk/docs/Investor_Library/GreenFinance/second-party-opinion-green-finance-framework-2025.pdf)

## Case Studies

### Investing in new infrastructure to help conserve chalk-stream habitats

**We're investing around £14 million** as part of our programme to meet demand by increasing the supply of water from alternative sources so we can **reduce the amount we abstract from chalk groundwater**. This project will enable us to do this by bringing water down through existing pipes from Anglian Water's Grafham reservoir, near Huntingdon, adding to the supply we already import from there.

Each area's water is different chemically (even though

both are safe and meet all relevant standards), so we'll condition the imported water at our new Sundon plant to make it compatible with our pipes. The existing Sundon site already has a great deal of the infrastructure we need, making good use of existing assets, and we will complete the new conditioning plant in 2023/24, allowing us to reduce local groundwater abstraction by December 2024.

Projects like this are critical to keeping more water in the environment to protect our chalk stream habitats, which are home to an abundance of species such as water crowfoot, flag iris, mayfly, brown trout, kingfisher, otters, and the nationally endangered water vole.

#### UNSDGs

Our alignment with the UN Sustainable Development Goals



### Water-saving solutions for new housing developments

In our supply area, new properties are forecast to use an extra 83.03 million litres of water a day by 2032, on top of what is already being used. **We're leading an Industry project on Water Neutrality** at NAV sites to establish if the total amount of water used in the community can be the same as before the new homes were built. (NAVs are companies who can be appointed to provide water services to customers in an area).

We're working with different industry stakeholders, technology manufacturers and housebuilders on a water-neutrality blueprint, to help us future-proof the local water network against population growth. We will publish our findings for others to follow.

Tests include:

- Installing water-saving devices in homes as well as in commercial buildings like schools and leisure centres
- Running a behaviour change campaign for residents to reduce water use.

Our first trial is at a site called Bidwell in Houghton Regis, Bedfordshire where we are testing how a behavioural change campaign might work in the absence of water-efficiency technology

#### UNSDGs

Our alignment with the UN Sustainable Development Goals



# Tackling non-native invasive species

Invasive non-native species (INNS) are having a negative impact on our economy, wildlife and habitats, and threaten native species by spreading harmful diseases, competing for resources or damaging natural ecosystems. Through our INNS Out scheme this year, we worked with 20 local organisations to help **reduce the spread and introduction of INNS across multiple river catchments**. The support was both in-kind, with colleagues offering over 50 volunteer days and financial with Affinity was donating a total of £650,000 to 16 projects.

These removed Himalayan balsam, cotoneaster and floating pennywort, as well as invasive aquatic species like demon shrimp.

The scheme will run again in 2023 building on the work that has already been done

## UNSDGs

Our alignment with the UN Sustainable Development Goals



## Disclaimer

This document is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Affinity Water and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Affinity Water as to the fairness, accuracy, reasonableness or completeness of such information. This document may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises, nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document.

Affinity Water has and undertakes no obligation to update, modify or amend this document, the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.

This document is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities, nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority.

The distribution of this document and of the information it contains may be subject of legal restrictions in some countries. Persons who might come into possession of it must inquire as to the existence of such restrictions and comply with them.

The information in this document has not been independently verified.

Any person reading this document is solely liable for any use of the information contained herein. Affinity Water shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this document by any person.