

Affinity Water Limited

Household Charges Scheme 2017-18

Non-Household Charges Scheme 2017-18

("Charges Schemes")

Statement of Assurance

The Board of Affinity Water Limited (the "Company") has overseen the preparation of the 2017/18 charges set out in the Company's Charges Schemes. The Board has:

- noted the requirements published in Ofwat's Charges Scheme Rules and Information Notice publication, IN 16/12, setting out expectations for company charges schemes for 2017-18;
- considered the actions to be undertaken by management to prepare the charges and Charges Schemes to meet these requirements;
- reviewed the processes established to provide assurance that the Company complies with its legal obligations relating to the charges set out in its Charges Schemes; and
- assessed the effects the charges will have on customers' bills for a range of different customer types and noted that there are no instances where the bill increases for particular customer types will exceed 5%.

Because of the timing of publication of charges and charges schemes in relation to scheduled meetings of the Board, the Board established a sub-committee which included executive and independent non-executive directors to review the preparation of the 2017-18 charges set out in the Charges Schemes and the assurance provided by internal and external assurance providers.

The sub-committee met to consider reports prepared by employees and internal and external auditors. In particular:

- our Reporter (Atkins Limited) has reported on the processes that have been used to derive the base customer information and charge multipliers that have been used in the submission;
- our Auditor (PricewaterhouseCoopers LLP) has reported on our revenue calculations, our computations of the final determination and our performance against the revenue limits;
- our Internal Audit Team has reported on the policies, procedures and processes used for the production of the charges submission;
- our Senior Regulation Economist has reported on the compliance of the Company's charges with each of Ofwat's charging principles and guidelines and the engagement undertaken with the Consumer Council for Water; and

- our Legal Team has reviewed the Charges Schemes against legal and regulatory requirements for charges.

The Board considers that the charges set out in the Company's Charges Schemes are consistent with Ofwat's guidelines and requirements as set out in Ofwat's Charges Scheme Rules and Information Notice publication IN 16/12. The Company will continue to give attention to how its charges are supported by cost analysis and will introduce changes that are necessary to improve the cost reflectivity of charges.

In light of and taking account of the above, the Board confirms that the Company:

- complies with its legal obligations relating to the charges set out in the Charges Schemes;
- has assessed the effects the new charges have on customers' bills for a range of different customer types and confirms that there are no instances where the bill increases for particular customer types exceed 5%;
- has appropriate systems and processes in place to make sure that the data and information contained in the Charges Schemes, and additional information covered by the annex to Ofwat's Charges Scheme Rules is accurate; and
- has consulted the Consumer Council for Water in a timely and effective manner on the Charges Schemes.

Dr Philip Nolan

A handwritten signature in black ink, appearing to read 'Philip Nolan', with a long horizontal flourish extending to the right.

Chairman
On behalf of the Board

1 February 2017

Affinity Water Limited

Wholesale Charges Scheme 2017-18

("Wholesale Charges Scheme")

Statement of Assurance

The Board of Affinity Water Limited (the "Company") has overseen the preparation of the 2017/18 wholesale charges and the Wholesale Charges Scheme¹. The Board has:

- noted the requirements published in Ofwat's Charges Scheme Rules and Information Notice publication, IN 16/12, setting out expectations for company charges schemes for 2017-18;
- considered the actions to be undertaken by management to prepare the wholesale charges and Wholesale Charges Scheme to meet these requirements;
- reviewed the processes established to provide assurance that the Company complies with its legal obligations relating to the wholesale charges set out in its Wholesale Charges Scheme; and
- assessed the effects the wholesale charges will have on customers' bills for a range of different customer types and noted that there are no instances where wholesale charges increases are likely to exceed 5%;

Because of the timing of publication of wholesale charges and charges schemes in relation to scheduled meetings of the Board, the Board established a sub-committee which included executive and independent non-executive directors to review the preparation of the 2017-18 wholesale charges set out in the Wholesale Charges Scheme and assurance provided by internal and external assurance providers.

The sub-committee met to consider reports prepared by employees, internal and external auditors. In particular:

- our Reporter (Atkins Limited) has reported on the processes that have been used to derive the base customer information and charge multipliers that have been used to compute wholesale charges;
- our Auditor (PricewaterhouseCoopers LLP) has reported on our revenue calculations, our computations of the final determination and our performance against the wholesale revenue limit;
- our Internal Audit Team has reported on the policies, procedures and processes used for the production of wholesale charges and the Wholesale Charges Scheme;

¹ The Board has also overseen preparation of the Affinity Water Limited Wholesale Tariff Document. As required by Ofwat's Wholesale Charging Rules, a statement of assurance was provided on 13 January 2017 in respect of the wholesale charges set out in the Wholesale Tariff Document.

- our Senior Regulation Economist and Managing Director of Wholesale Operations have reported on the compliance of the Company's wholesale charges with each of Ofwat's charging principles and guidelines and the engagement undertaken with the Consumer Council for Water; and
- our Legal Team has reviewed the Wholesale Charges Scheme against legal and regulatory requirements for wholesale charges.

The Board considers that the Company's wholesale charges are consistent with Ofwat's guidelines and requirements as set out in Ofwat's Charges Scheme Rules and Information Notice publication IN 16/12. The Company will continue to give attention to how its wholesale charges are supported by cost analysis and will introduce changes that are necessary to improve the cost reflectivity of charges.

In light of and taking account of the above, the Board confirms that the Company:

- complies with its legal obligations relating to the wholesale charges set out in the Wholesale Charges Scheme;
- has assessed the effects the wholesale charges will have on customers' bills for a range of different customer types and noted that there are no instances where wholesale charges increases are likely to exceed 5%;
- has appropriate systems and processes in place to make sure that the data and information contained in the Wholesale Charges Scheme, and additional information covered by the annex to Ofwat's Charges Scheme Rules is accurate; and
- has consulted the Consumer Council for Water in a timely and effective manner on the Wholesale Charges Scheme.

Dr Philip Nolan

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Chairman
On behalf of the Board

1 February 2017