

# Independent Limited Assurance Report

## to the Directors of Kelda Group Limited

DNV GL Business Assurance Services UK Limited (“DNV”, “us” or “we”) were engaged by Kelda Group Limited to provide limited assurance to Yorkshire Water Services Ltd (“Yorkshire Water”) over Selected Information presented in the Our Contribution to Yorkshire Report 2020 for the reporting periods 1 April 2015 to 31 March 2020 and the Sustainable Finance Framework Impact Report for the reporting periods 1 April 2017 to 31 March 2020 (together, the “Reports”).



**Our Qualified Conclusion:** Based on the procedures we performed and the evidence we obtained, except for the matter described in the Basis of our Qualified Conclusion paragraph below, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

### Basis of our Qualified Conclusion

For the Selected Information concerning **Manufactured Capital: Total waste produced (t/yr)**, we have not been able to obtain the necessary evidence to reach a conclusion on whether the data for the reporting periods 1 April 2015 to 31 March 2017 is materially misstated or not. We understand that records for these periods are no longer available.

**Our observations and areas for improvement will be raised in a separate report to Yorkshire Water’s Management. Selected observations are provided below. These observations do not affect our Qualified Conclusion set out above.**

- The data owners responsible for the Manufactured Capital and Human Capital Total Impact and Value Assessment (TIVA) metrics did not always have access to records of the Selected Information for every reporting period. For Manufactured Capital, all electronic records relating to the most material waste stream had been deleted prior to the 2017/18 reporting period. We were therefore unable to reach an assurance conclusion for this metric. For Human Capital, all data had been archived and was made available upon our request. **We recommend that data owners for all TIVA metrics keep electronic records of source data and calculations so that a clear and auditable data trail can be provided upon request.**
- We found collation errors for the Manufactured, Human, Intellectual and Social Capital TIVA metrics. These were corrected prior to publication of the Reports. To reduce the risk of data being misreported, **we recommend that a thorough review of data is conducted involving both the data owner and the person responsible for collating the data. This should improve understanding of which data should be reported, and their underlying calculation methodology.**
- For the Natural, Human and Social Capital TIVA metrics we found that the data owners did not have a methodology document outlining how data was collated and calculated. This could lead to data being reported inconsistently between years, particularly if the current data owner was not available. **We recommend that the current data owners create a methodology document containing enough detail that the data can be collected and recalculated by a second person.**
- The SFF Impact Report is intended to be read in conjunction with the Our Contribution to Yorkshire Report. However, we found that the relationship between the **Reports could be described more clearly** i.e. the interface between TIVA and sustainability debt. By doing so Yorkshire Water may enable its audience to better understand the positive impact of investing in its sustainability-linked debt.

### Selected information

The scope and boundary of our work is restricted to the disclosures (the “Selected Information”), listed below:

- The following Total Impact and Value Assessment (TIVA) metrics for the reporting periods 1 April 2015 to 31 March 2020:
  - Manufactured Capital: Total waste produced (t/yr)
  - Natural Capital: Number of biodiversity units (number)
  - Human Capital: Number of new apprenticeships each year (number/yr)
  - Intellectual Capital: Number participants in educational programmes (number/yr)
  - Social Capital: Total number of suppliers (number)
- The claims and assertions relating to the allocation of funds under the Sustainable Finance Framework (SFF) for the reporting periods 1 April 2017 to 31 March 2020

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Reports, we have used Yorkshire Water’s “Our Contribution to Yorkshire: Methodology Report” and the [“Sustainable Finance Framework 2019”](#) (the “Criteria”).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Reports or on Yorkshire Water’s website for the current reporting period or for previous periods.

### Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV holds other assessment contracts with Yorkshire Water, none of which conflict with the scope of this work. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

### Standard and level of assurance

We performed a **limited** assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

### Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included but was not restricted to:

- Conducting interviews with Yorkshire Water’s data owners to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by Yorkshire Water for the Selected Information is prepared in line with the Criteria;
- Assessing the appropriateness of the Criteria for the Selected Information; and
- Reading the Reports and narrative accompanying the Selected Information within it with regard to the Criteria.

### DNV GL Business Assurance Services UK Limited

London, UK  
1 March 2021

### Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by Yorkshire Water have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

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

The Directors of Yorkshire Water have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Yorkshire Water in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

### DNV Business Assurance

DNV GL Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.  
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