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Yorkshire Water: Bringing a sustainable strategy to life

Finalist: Communicating integrated thinking award

What

Yorkshire Water is a regulated water company providing water and sewerage services to over 5 million people and 140,000 business premises. The company has centred its integrated six capitals approach, launched in 2017, throughout its strategy, decision making and communications. Emerging from this approach, Yorkshire Water has developed a Sustainable Finance Framework. This brings integrated thinking into the formal structure for decision-making and reporting on the company's financing and impact.

The Framework was introduced to investors in 2019 with an investor presentation during the launch of Yorkshire Water's first sustainability bond. The company also communicated its integrated approach to business and sustainability on a well-received investor roadshow. The combination of the Framework document, investor presentation and roadshow has generated engagement and enthusiasm from investors for Yorkshire Water's strategy, its sustainable financing approach in general and its sustainability bonds specifically. The Framework presents a broader way of thinking about financing and impact reporting that differentiates Yorkshire Water in the financial markets.

The corporate finance function has been at the heart of these initiatives. The treasury team's expertise in raising debt and structuring ESG debt products was essential in creating the Framework and the investor materials. Yorkshire Water has translated its clarity of thought on sustainability into documents that bring its integrated thinking to life.

Why

Yorkshire Water's ambition is 'to serve Yorkshire today and long into the future with safe, reliable and affordable water, wastewater and environmental services', which captures the company's aim to go beyond regulatory requirements and further support Yorkshire by working in partnership to champion healthy, thriving livelihoods and sustainable economic growth. The company also believes that it has a responsibility, as a provider of essential services, to maintain customer trust and put people at the heart of everything it does – and that transparency is critical to achieving this. Sustainability and transparency are core to the company's strategy and its 'Big Ambition'.

Market conditions add extra impetus to Yorkshire Water's push for sustainable financing, with investors increasingly building portfolios with an environmental, social and governance (ESG) focus. Integrated thinking is at the heart of Yorkshire Water's business. The company believes that effectively communicating this to investors gives Yorkshire Water a competitive advantage and creates a greater variety of available financing opportunities.

These dual imperatives of strategy and market forces have inspired Yorkshire Water to communicate its integrated approach openly; present a holistic picture of value-creation and demonstrate its impact on the environment.



'The judging panel was particularly impressed with how Yorkshire Water used its Six Capitals Framework to successfully raise finance through their sustainability bond. The power of the Six Capitals approach is demonstrated through all communications and will sit at the heart of the forthcoming Impact Report.'

Finance for the Future Awards judges

How

Yorkshire Water has communicated its integrated thinking through a range of documents:

- > Yorkshire Water's **strategic plan** establishes its commitment to being a resilient and responsible business. Communicating its integrated thinking supports this strategy. It achieves this by using the six capitals approach extensively in investor communications.
- > The company's integrated thinking is a **core feature** running throughout its financial communications, demonstrating that sustainability is inseparable from communicating Yorkshire Water's performance and how it creates value.
- > Yorkshire Water's **range of communications** includes:
 - >> The Sustainable Finance Framework, which aligns financing with sustainability.
 - >> The investor presentation, which communicates the company's integrated approach to investors.
 - >> The PR19 plan, which lays out the company's business plans and thinking – it integrates the six capitals by laying out environmental and social benefits realised for each area of the company's work.
 - >> The integrated annual report, which complies with the GRI sustainability reporting standards.
 - >> The investor roadshows, which provide a forum for Yorkshire Water to engage directly with investors and potential investors on sustainability and the company's integrated strategy.
- > The Sustainable Finance Framework displays the company's **long-term thinking**, with the Framework creating a structure for planning and raising long-term sustainable debt. It demonstrates to investors that Yorkshire Water's financing supports its social and environmental goals.
- > The Framework also establishes clear **reporting expectations for investors**. It lays out how the company will report to investors on sustainable financing and details potential performance indicators.
- > The **treasury and sustainability teams collaborate** on communicating the company's integrated thinking, bringing their respective expertise into a range of documents, including the Framework and investor presentation.
- > The company uses a range of methods to make sure that its **documents are clear and readable**. Documents are well-presented and use plain language, illustrative case studies and informative and eye-catching visuals to get key messages across.

www.yorkshirewater.com



DISCLAIMER

This case study presents **Yorkshire Water** entry for the Finance for the Future Awards 2019. The case study only includes information that was part of the organisation's 2019 entry. Some of this information may now be out of date. For a current view of the organisation's work, please visit their website at the link given above.



‘We have moved from an approach which was based on solving problems through traditional hard engineering and assessing impact through our balance sheet, towards a more holistic approach that takes account of our total impact and is grounded in sustainability.’

Liz Barber,

Chief Executive Officer (Group Director of Finance, Regulation and Markets at the time of entry),
Yorkshire Water

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