

Our ref: al/pj/cal
Your ref:

Yvonne Orgill
The Steering Committee of the Unified Water Label
The Water Label Company Limited
Innovation Centre 5
Innovation Way
Keele University Science and Innovation Park
Keele
Newcastle-under-Lyme
Staffordshire
ST5 5NT

Festival Way
Festival Park
Stoke on Trent
ST1 5BB
United Kingdom
T +44 (0)1782 216000
F +44 (0)1782 216050
rsmuk.com

28 June 2019

To the Directors of The Water Label Company Limited and the Steering Committee of the Unified Water Label

INTRODUCTION

The purpose of this letter is to set out the basis on which we will perform certain agreed-upon procedures (the 'Service' or 'Services') solely for the purpose of providing a report of factual findings ('Report') in respect of the data collection, consolidation and verification of The Water Label Scheme information submitted by the participating member companies ('the Financial Information') and our respective areas of responsibility.

The procedures that we will perform are solely to assist you in the verification and collection of the data in respect of The Water Label Scheme.

This engagement will be carried out in accordance with *International Standard on Related Services (ISRS) 4400 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information* and any applicable standard of work relating to the issuance of a report that might become effective as the date of issue of such report. Our Services are provided in accordance with the attached Terms and Conditions of Business dated May 2018.

SERVICES TO BE PROVIDED

The specific agreed-upon procedures that we have agreed to perform in respect of the Financial Information are described in the draft Report attached at Appendix 1. The text of the final Report itself will depend, of course, upon the results of the procedures, which we would not expect to complete until shortly before the Report is given. In comparison with an audit or other assurance engagement, the procedures performed comprise an increased risk that even materially false information will not be identified.

RESPECTIVE RESPONSIBILITIES

As Directors of the Entity, you are responsible for:-

- Considering the sufficiency of the procedures for your purposes;
- Maintaining the register of the companies participating in The Water Label Scheme and the registered products; and
- Ensuring that all accounting and other records, documentation and related information (including representations) we consider necessary for the purpose of this engagement are made available to us.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Corporate Finance LLP, RSM Legal LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP and Baker Tilly Creditor Services LLP are limited liability partnerships registered in England and Wales, with registered numbers OC325347, OC402439, OC325349, OC389499, OC325348, OC325350, OC397475 and OC390886 respectively. RSM Employer Services Limited, RSM HR Limited, RSM UK Tax and Accounting Limited and RSM UK Management Limited are registered in England and Wales with numbers 6463594, 3539451, 6677561 and 3077999 respectively. RSM Northern Ireland (UK) Limited is registered in Northern Ireland at Number One Lanyon Quay, Belfast, BT1 3LG with number NI642821. All other limited companies and limited liability partnerships are registered at 6th Floor, 25 Farringdon Street, London, EC4A 4AB. The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317.

Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities, financial services register number 619258.

Subject to our obligation to conduct our work in accordance with applicable professional standards, we cannot accept responsibility for detecting fraud, misrepresentation (whether by management or by any person of whom we make enquiries) or other illegal acts. Notwithstanding the preceding sentence, if we become aware in carrying out the Service of any indications of fraud, misrepresentation or other illegal acts, we will inform you as soon as practicable and to the extent permitted by law or the rules of any relevant governmental or regulatory body.

By issuing the Report we will make no representation and assume no responsibility regarding the sufficiency of the procedures for your purposes and we will indicate so in our Report.

The procedures that we will perform will not constitute an audit or a review made in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements and consequently, no assurance will be expressed.

OVERSEAS JURISDICTIONS

Except as explicitly referred to in this letter, our work will not comply with professional standards and practices in any jurisdiction other than the UK. Accordingly, other than as agreed within this letter, our work should not be relied upon as if it had been prepared in accordance with professional standards and practices in any country other than the UK. We accept no duty or responsibility to, and deny any liability to, any party in respect of any use of our report in any other jurisdiction (including, but not restricted to the United States of America, Japan, and Australia).

REPORTING

Upon completion of the agreed-upon procedures we will provide you with a Report of our factual findings, an outline of which is attached at Appendix 1. Our Report will not express any opinion or overall conclusion on the procedures we have performed. Our Report will be prepared solely for your exclusive use and solely for the purpose of providing a report of factual findings from our work and to report to you the results of those procedures.

Our Report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the Report or this engagement.

ETHICAL STANDARDS FOR AUDITORS

Where you have engaged RSM UK Audit LLP as your statutory auditor, we will not undertake any work inconsistent with RSM UK Audit LLP's role as statutory auditors and the constraints of Revised Ethical Standard 2016 issued by the Financial Reporting Council. In particular, we are required to notify RSM UK Audit LLP, in advance, of this engagement of any proposed additional work to be undertaken by us. For the avoidance of doubt, you hereby authorise us to release such information as may be necessary for RSM UK Audit LLP to comply with its ethical obligations and to deliver statutory audit services to you. It is understood that RSM UK Audit LLP will notify us whether the proposed work will impair their audit independence. It is only after we have received such notification that we will be in a position to determine whether we can provide the proposed Service.

TIMETABLE

Our work may depend upon receiving without undue delay your full co-operation and the disclosure to us of all the records and related information (including certain representations) as we may need for the purposes of the Service from the participating member companies and from The Water Label Company Limited. We will discuss with you as soon as practicable any undue delay or lack of full co-operation or other difficulties we encounter with completing this work as and when any such problems arise. If information not provided within the timescale stated by us when we request it, we will accept no responsibility for any penalties or interest that may arise as a result.

CONTACT POINTS AND AUTHORISATION

The core RSM team will be as follows:

Anne Lakin	Partner
Alex Hire	Manager
Philip Jackson	Manager
Carol Locker	Senior Administrator

The above team will handle all key aspects of the engagement. However, we will utilise other professionals from an RSM Entity, if additional resources are required.

Our understanding is that we shall report to the Entity and our principal contact, for the time being, will be Yvonne Orgill. Notwithstanding the above, the Entity authorises us to rely on any instructions, notices or requests (whether in writing or not and however communicated to us) from any other person authorised, or reasonably believed by us to be authorised, by you to give such instructions, notices or requests.

In the event of any queries please email Carol.locker@rsmuk.com or Philip.jackson@rsmuk.com.

FEES

Our fees and expenses for this work will be your sole responsibility and should you decide not to proceed with the Service, you will reimburse our pro rata costs.

TERMS AND CONDITIONS OF BUSINESS AND ADDITIONAL TERMS

Our Terms and Conditions of Business form part of this Engagement Letter. They include certain of the definitions used in this letter. Please read carefully these Terms and Conditions of Business, which apply to all our work, as they include various exclusions and limitations on our liability, save where excluded below.

AGREEMENT OF TERMS

We shall be grateful if you will confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, in the prepaid envelope provided, or let us know if the Service covered is not in accordance with your understanding of the assignment to be carried out under the terms of this engagement.

For the avoidance of doubt, the terms covered by the Engagement Letter shall take effect upon receipt by us of your written agreement to them, or upon commencement of the work to which they relate, whichever is the sooner.

Yours faithfully

RSM UK Tax and Accounting Limited

28 June 2019

Encs. Terms and Conditions of Business dated May 2018

Agreed for and on behalf of The Water Label Company Limited

Signed Date

Directors

Agreed for and on behalf of the Steering Committee of the Unified Water Label

Signed Date

Yvonne Orgill, Chief Executive Officer

Appendix 1

REPORT OF FACTUAL FINDINGS

To the Steering Committee of the Unified Water Label and Directors

In accordance with our engagement letter dated 11 April 2019, we have performed the procedures agreed with you, as set out below, in respect of the financial data submitted by the participating member companies of The Water Label Company Limited's ("the Entity") Water Label Scheme ("the Financial Information").

Responsibilities

As Directors of the Entity, you are responsible for:-

- Considering the sufficiency of the procedures for your purposes;
- Maintaining the register of the companies participating in The Water Label Scheme and the registered products; and
- Ensuring that all accounting and other records, documentation and related information (including representations) we consider necessary for the purpose of this engagement are made available to us.

It is our responsibility to prepare this report of factual findings.

We make no representation and assume no responsibility regarding the sufficiency of the procedures for your purposes.

Purpose of this report and restrictions on its use

This report was prepared on your specific instructions for the purpose of communicating the factual findings of our work on the procedures performed, as specified below, and should not be relied upon for any other purpose. Our report may not have considered issues relevant to any third parties, any use such third parties may choose to make of our report is entirely at their own risk and we shall have no responsibility whatsoever in relation to such use. RSM UK Tax and Accounting Limited neither owes nor accepts any responsibility whatsoever in respect of, or arising out of, or in, connection with the contents of this report to any parties, other than the Steering Committee and directors of the Entity, who may have sight of this report and shall not be liable for any loss, damage or expense of whatever nature which is caused by their reliance on this report.

Our report is prepared solely for the confidential use of the Entity and solely for the purpose of the data collection, consolidation and verification of The Water Label Scheme information submitted by the participating member companies. This report is released to the Entity on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Entity, we acknowledge that the Entity may be required to disclose this report to a party demonstrating a statutory right to see it, to enable such other parties to exercise statutory rights of access to this report.

This report is designed to meet the agreed requirements of the Entity and particular features of our engagement determined by the Entity's needs at the time. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Entity which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

Specific procedures performed

We have performed specific procedures, in accordance with International Standard on Related Services ('ISRS') 4400 'Engagements to Perform Agreed-upon Procedures Regarding Financial Information', on the financial information, solely for the purpose of the data collection, consolidation and verification of The Water Label Scheme information submitted by the participating member companies. The specific procedures performed and agreed with you, which do not constitute either an audit or a review, consisted of the following:

We will:

- Contact each participating member company directly to request the following relevant data:
- Table 1 - European Union – 27

Product Category	Number of Products Registered with Water Label Company Limited	Actual Sales Figures (Units)		
		Water Label Number	Non Water Label Number	Total Number
Taps				
Kitchen taps				
WCs:				
Water closets suite				
Single pan				
WC flushing cisterns				
Replacement flushing mechanism				
Urinal bowls				
Independent urinal flushing cisterns				
Urinal controls				
Baths – memo only				
Shower valves				
Shower handsets				

- Table 2 - United Kingdom

		Actual Production Figures		
Product Category	Number of Products Registered with Water Label Company Limited	Water Label	Non Water Label	Total
		Number	Number	Number
Taps				
Kitchen taps				
WCs:				
Water closets suite				
Single pan				
WC flushing cisterns				
Replacement flushing mechanism				
Urinal bowls				
Independent urinal flushing cisterns				
Urinal controls				
Baths- memo only				
Shower valves				
Shower handsets				

- Summarise and consolidate the data into a total valuation with the initial request being for the data for the 6 months ended 31 December 2018 with subsequent requests to be made annually at 31 December 2019 and onwards
- All relevant data will be requested directly by RSM, and received and processed by them. The data will be held by RSM and no individual data will be distributed by them to any other party.
- We will select a sample of 5% of the companies randomly from the companies participating in supply of The Water Label Scheme data and :
 - We will contact each company and corroborate to base data for Taps And Showers Data requesting a detail list by units / products to support their total submissions
 - We will obtain a list of all items to support the total number units sold under The Water Label Scheme from the participating companies
 - We will check a sample of these items to the register maintained by The Water Label Company Limited to support their inclusion
 - We will request evidence from the base records of the individual companies to verify the data submitted in respect of the total units sold and the relevant split, where items have been included in the Water Label column, these items will be verified to the register of products held by The Water Label Company Limited to verify inclusion
- We will agree the total submission data to the data submissions together with the % of units included in the water label and none water label units and detail the total data % in our report to highlight the total period on period changes .

- We will attend 2 meetings annually to present this report, as requested.

Results of specific procedures undertaken

[CONCLUSIONS TO BE ADDED]

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**The Water Label Company Limited
Engagement Letter contd.**

We report our findings below:

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements, the objective of which would be the expression of assurance on the contents of the schedule. Accordingly, we do not express any assurance on the Financial Information.

Had we performed additional procedures or had we performed an audit or a review of the Financial Information in accordance with auditing or review standards, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set out in the '*Specific procedures performed*' section of our report and for your information. You should not use it for any other purpose, distribute it or make it available (in whole or in part) or communicate it to any other party. We accept no responsibility or liability to any other party who is shown or gains access to this report (or any part thereof).

This report relates only to the Financial Information and does not extend to any financial statements of the Entity, taken as a whole.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Signed

RSM UK Tax and Accounting Limited

Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

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