



## Independent Practitioner's Limited Assurance Report to United Utilities Group PLC

KPMG LLP ("KPMG" or "we") were engaged by United Utilities Group PLC ("United Utilities") to provide limited assurance over the Selected Information described below for the year ended 31 March 2024.

### Our conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

Our conclusion is to be read in the context of the remainder of this report, in particular the "Inherent limitations in preparing the Selected Information" and "Intended use of our report" sections below.

### Selected Information

The scope of our work includes only the information included within United Utilities' Sustainable Finance Framework Allocation and Impact Report 2024 (the "Report") for the year ended 31 March 2024 marked with the symbol ◇ (the "Selected Information") and also listed in Appendix 1.

United Utilities' Sustainable Finance Framework 2020 requires United Utilities to prepare an annual allocation and impact report which sets out the allocation of:

- the remaining net proceeds from the £150m sustainable loan that matures on 30 June 2032 ("SF2");
- the net proceeds from the three sustainable bonds of: £300m that matures on 6 October 2038 ("SF3"); of £350m that matures on 26 June 2036 ("SF4a"); and of £50m that matures on 26 June 2036 ("SF4b"); and
- the net proceeds from the €650m green bond that matures on 23 May 2034 ("SF5").

SF2, SF3, SF4a, SF4b and SF5 are together referred to as the "Sustainable Financing Instruments". The net proceeds were allocated to Eligible Green or Social Projects ("EGPs"), as defined in the Reporting Criteria. The Report has been prepared to meet these requirements.

Our conclusion on the Selected Information does not extend to other information that accompanies or contains the Selected Information and our assurance report (hereafter referred to as "Other Information"). We have not performed any procedures with respect to the Other Information.

### Reporting Criteria

The Reporting Criteria we used to form our judgements are United Utilities' Sustainable Finance Framework 2020 as set out in [https://www.unitedutilities.com/globalassets/z\\_corporate-site/investor-pdfs/sustainable-finance-framework-2020-final.pdf](https://www.unitedutilities.com/globalassets/z_corporate-site/investor-pdfs/sustainable-finance-framework-2020-final.pdf) (the "Reporting Criteria"). The Reporting Criteria set out the basis by which United Utilities has determined whether projects meet the criteria to qualify as EGPs, including specifying the types of eligible spend and the period during which it can be incurred. The Selected Information needs to be read together with the Reporting Criteria.

### Inherent limitations in preparing the Selected Information

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information,



allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

The Reporting Criteria has been developed to assist United Utilities in determining the allocation of the net proceeds from the Sustainable Financing Instruments. As a result, the Selected Information may not be suitable for another purpose.

The projects that meet United Utilities' definition of EGPs, as set out on pages 12 to 15 of the Reporting Criteria, are determined by United Utilities. Our work is limited to assessing whether the net proceeds of the Sustainable Financing Instruments have been allocated to projects that meet United Utilities' definition of EGPs, as set out in the Reporting Criteria. We have not performed procedures to assess, and so we provide no assurance over:

- the appropriateness of the eligibility criteria set by United Utilities which lead to the projects being classified as EGPs, nor whether the EGPs continue to meet that eligibility criteria on an ongoing basis;
- whether there is a correlation between the classification as EGPs and any actual environmental and social impact of undertaking the EGPs; nor
- whether the EGPs were only undertaken as a consequence of obtaining the Sustainable Financing Instruments nor whether United Utilities did not also use other cash flows to invest in other projects that would not qualify as EGPs.

#### **Directors' responsibilities**

The Directors of United Utilities are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and developing suitable Reporting Criteria for preparing the Selected Information;
- properly preparing the Selected Information in accordance with the Reporting Criteria;
- the contents and statements contained within the Report and the Reporting Criteria; and
- implementing procedures designed to ensure that personnel involved with the preparation and presentation of the Report are properly trained, systems are properly updated and that any changes in reporting relevant to the Selected Information encompass all significant business units.

#### **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement;
- forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to United Utilities.

#### **Assurance standards applied**

We conducted our engagement in accordance with International Standard on Assurance Engagements (UK) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE (UK) 3000") issued by the Financial Reporting Council ("FRC").



That standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

### **Independence, professional standards and quality management**

We have complied with the Institute of Chartered Accountants in England and Wales (“ICAEW”) Code of Ethics, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants (“IESBA”) International Code of Ethics for Professional Accountants (including International Independence Standards).

Our firm applies International Standard on Quality Management (UK) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (“ISQM (UK) 1”), issued by the FRC, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Summary of the work we performed as the basis for our conclusion**

We exercised professional judgement and maintained professional scepticism throughout the engagement. We planned and performed our procedures to obtain evidence that is sufficient and appropriate to obtain a meaningful level of assurance over the Selected Information to provide a basis for our limited assurance conclusion. Planning the engagement involves assessing whether United Utilities’ Reporting Criteria are suitable for the purposes of our limited assurance engagement. Our procedures selected depended on our judgement, on our understanding of the Selected Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In carrying out our engagement, we performed procedures which included:

- conducting interviews with management and key staff responsible for the use of the net proceeds of the Sustainable Financing Instruments, and those responsible for the preparation of the Selected Information to obtain an understanding of the key processes, systems and controls in place for the allocation of net proceeds of the Sustainable Financing Instruments and over the preparation of the Selected Information;
- obtaining documentation for a selection of transactions which supports the processes, systems and controls in place for the allocation of net proceeds of the Sustainable Financing Instruments and over the preparation of the Selected Information, but did not include evaluating the design of controls, obtaining evidence about their implementation or testing their operating effectiveness;
- inspecting documentation to show whether the EGPs have been assessed by management with reference to the eligibility criteria (as set out in the Reporting Criteria) and approved by United Utilities’ Sustainable Finance Committee as meeting those eligibility criteria; but did not include independently assessing whether the EGPs met those eligibility criteria;
- performing limited substantive testing including:
  - comparing the total funds received by United Utilities with those allocated to the EGPs (as defined in the Reporting Criteria);
  - understanding the information sources used by United Utilities to determine the amount of net proceeds allocated, in GBP, to the EGPs;



- agreeing a selection of items to source documentation (e.g., invoices, payment applications, underlying calculations) to support the categorisation of funds spent on the EGPs;
  - assessing whether the funds were allocated within the period specified in the Reporting Criteria;
  - assessing whether the amount financed by other loans and bonds, if any, has been excluded from the Selected Information; and
- reading the Report with regard to the Reporting Criteria and for consistency with our findings over the Selected Information.

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. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### **Intended use of our report**

Our report has been prepared for United Utilities solely in accordance with the terms of our engagement. We have consented to the publication of our report on [https://www.unitedutilities.com/globalassets/z\\_corporate-site/investor-pdfs/kpmg-isa-3000-assurance-report-2024.pdf](https://www.unitedutilities.com/globalassets/z_corporate-site/investor-pdfs/kpmg-isa-3000-assurance-report-2024.pdf) for the purpose of United Utilities showing that it has obtained an independent assurance report in connection with the Selected Information.

Our report was designed to meet the agreed requirements of United Utilities determined by United Utilities' needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than United Utilities for any purpose or in any context. Any party other than United Utilities who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

*KPMG LLP*

#### **KPMG LLP**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

10 July 2024

The maintenance and integrity of United Utilities' website is the responsibility of the Directors of United Utilities; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria or Report. presented on United Utilities' website since the date of our report.

## Appendix 1 – Selected Information

The Selected Information comprises the following allocations of the net proceeds from the Sustainable Financing Instruments, as at 31 March 2024:

<b>SF2: £149,625,000 loan due June 2032 (raised 29 July 2022)</b>	FY24
Access to Essential Services	0.4
Sustainable Water and Wastewater Management	73.8
Terrestrial and Aquatic Biodiversity Conservation	55.7
Pollution Prevention and Control	6.1
Renewable Energy	3.0
Environmentally sustainable management of living natural resources and land use	5.8
Clean transportation	4.8
Total	149.6
<b>SF3: £297,486,000 bond due October 2038 (issued 6 April 2023)</b>	FY24
Access to Essential Services	0.2
Sustainable Water and Wastewater Management	164.6
Terrestrial and Aquatic Biodiversity Conservation	50.8
Pollution Prevention and Control	5.8
Total	221.5
<b>SF4a: £347,294,000 bond due June 2036 (issued 26 June 2023)</b>	FY24
Access to Essential Services	0.2
Sustainable Water and Wastewater Management	212.7
Terrestrial and Aquatic Biodiversity Conservation	33.8
Pollution Prevention and Control	2.4
Total	249.1
<b>SF4b: £52,188,500 tap of bond due October 2038 (issued 7 February 2024)</b>	FY24
Access to Essential Services	-
Sustainable Water and Wastewater Management	10.5
Terrestrial and Aquatic Biodiversity Conservation	22.5
Total	33.0
<b>SF5: EUR650m bond due May 2034 (issued 23 February 2024)</b>	FY24
Sustainable Water and Wastewater Management	108.3
Terrestrial and Aquatic Biodiversity Conservation	192.3
Total	300.6