



Independent Limited Assurance Report of KPMG LLP 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 2023.

Our conclusion

Based on the work we have performed and the evidence we have 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.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report’s intended use.

Selected Information

The scope of our work includes only the information included within the United Utilities Sustainable Finance Framework Allocation and Impact Report 2023 (“the Report”) for the year ended 31 March 2023 marked with the symbol \diamond (“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 setting out the allocation of the net proceeds from the £150m sustainable floating rate loan signed on 30 June 2022 with a maturity date of 30 June 2032 (the “Sustainable Loan”) to Eligible Green or Social Project (“EGPs”), as defined in the Reporting Criteria. The Report has been prepared to meet these requirements.

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed on United Utilities’ website for the current year or for previous years unless otherwise indicated.

Reporting Criteria

The Reporting Criteria we used to form our judgements are United Utilities Sustainable Finance Framework 2020 (“the Reporting Criteria”) as set out in https://www.unitedutilities.com/globalassets/z_corporate-site/investor-pdfs/sustainable-finance-framework-2020-final.pdf. 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

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 Loan. As a result, the Selected Information may not be suitable for another purpose.

Our work does not provide any assurance that the EGPs to which the Sustainable Loan net proceeds were allocated were only undertaken as a consequence of issuing the Sustainable Loan, nor that United Utilities did not, in the same period, also use other cash flows to invest in activities that they would not be permitted to use the Sustainable Loan net proceeds for.



United Utilities have set out the basis for determining whether projects qualify as EGPs (as set out on pages 12 to 16 of the Reporting Criteria), our work does not provide any assurance over this basis for determination. Our work does not provide any assurance over the correlation between use of the net proceeds of the Sustainable Loan and the environmental impacts of the EGPs.

Directors' responsibilities

The Directors of United Utilities are responsible for:

- designing, operating 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/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria;
- the contents and statements contained within the Report and the Reporting Criteria;
- prevention and detection of fraud and for identifying and ensuring that United Utilities complies with laws and regulations applicable to its activities; 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 use of net proceeds from the Sustainable Loan encompass all significant business units.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria and to report to United Utilities in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

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

Independence, professional standards and quality management

We comply with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other 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") Code of Ethics. The firm applies International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* 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 work performed

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Selected Information as a basis for our limited assurance conclusion. Planning the engagement involves assessing whether the Reporting Criteria are suitable for the purposes of our limited assurance engagement. The procedures selected depend 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.

The procedures performed included:

- conducting interviews with management and key staff responsible for the use of the net proceeds of the Sustainable Loan 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 Loan 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 Loan and over the preparation of the Selected Information;
- inspecting documentation to show whether the EGPs have been assessed by management with reference to the eligibility criteria (per the Reporting Criteria) and approved by the United Utilities' Sustainable Finance Committee as meeting those eligibility criteria; we did not independently assess whether the EGPs met those eligibility criteria;
- limited substantive testing including:
 - comparing the total funds received by United Utilities with those allocated to the EGPs (as defined in the UoP Reporting Criteria);
 - understanding the information sources used by United Utilities to determine the amount of 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 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, if any, has been excluded from the Selected Information; and
- reading the narrative within the Report with regard to the Reporting Criteria, and for consistency with our findings.

The work performed in a limited assurance engagement varies in nature and timing from, and is 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.

This report's intended use

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-2023.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

London

17 July 2023

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

Table of total allocations in the year ended 31 March 2023:

Eligible category	Net proceeds allocated in the year ended:
	31 March 2023
Sustainable Water and Wastewater Management	£59.6m
Terrestrial and Aquatic Biodiversity Conservation	£35.4m
Pollution Prevention and Control	£5.9m
Renewable Energy	£1.5m
Environmentally Sustainable Management of Living Natural Resources and Land Use	£6.7m
Clean Transportation	£2.4m
Access to Essential Services	£0.4m
Total	£111.9m