



Independent Limited Assurance Report to United Utilities Group PLC

KPMG LLP ('KPMG' or 'we') were engaged by United Utilities Group PLC ('United Utilities' or 'the Company') to provide limited assurance over the use of proceeds from your sustainable bond for the period ended 31 March 2021.

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 use of proceeds listed in Appendix 1 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 Allocation and Impact Report 2021 ('the UUI Report') for the period ended 31 March 2021 marked with the symbol Δ ('the Selected Information'). The Selected Information is listed in Appendix 1.

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

Specifically, our engagement was not designed to assess whether or not the Nominated Projects have passed Sustainability Criteria (both as defined in the Reporting Criteria) of the UUI Report, and accordingly, we do not express a conclusion thereon.

Reporting Criteria

The Reporting Criteria we used to form our judgements are United Utilities' Sustainable Finance Framework as set out at [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 Selected Information needs to be read together with the Reporting Criteria.

Inherent limitations

Our work will not provide any assurance that the projects to which the sustainable bond proceeds were allocated to were only undertaken as a consequence of issuing the sustainable bond, nor that the Company 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 bond proceeds for. Our work will not provide any assurance over whether the underlying project activities meet the project eligibility criteria set by the Company.

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/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the UUI Report and the Reporting Criteria.

Our responsibilities

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 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 performed 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 UK Financial Reporting Council.

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.

Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK) 1, 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with management and key staff responsible for the sustainable bond to obtain an understanding of the key processes, systems and controls in place for use of proceeds of the sustainable bond;
- checking documentation which supports the processes, systems and controls in place for the use of proceeds of the sustainable bond;
- inspecting the minutes of the sustainable finance committee of United Utilities to confirm that the allocated projects had been considered and approved;
- examine the processes, systems and controls in place to manage the use of proceeds from the sustainable bond which includes:
 - comparing the total funds received by the Company with those spent by the allocated projects;
 - gain an understanding of the information sources used by United Utilities to determine the amount of proceeds allocated, in GBP to eligible projects;
 - performing limited testing to source documentation (i.e. invoices) to support the funds spent by eligible projects;
 - checking the funds were allocated within the period specified in the Reporting Criteria of 29 January 2018 to 31 March 2021; and
 - checking that the amount financed by other loans has been appropriately excluded from the UUI Report; and
- reading the UUI Report and narrative accompanying the Selected Information on use of proceeds with regard to the Reporting Criteria, for consistency with our findings.

This report's intended use

This assurance report is made solely to United Utilities in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of United Utilities showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than United Utilities for our work, for this assurance report or for the conclusions we have reached.

KPMG LLP

KPMG LLP
Chartered Accountants
London
5 July 2021

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 the UUI Report presented on United Utilities' website since the date of our report.



Appendix 1

The Underlying Selected Information that constitutes the Selected Information is listed below. The information in this Appendix needs to be read together with the attached limited assurance report and the Reporting Criteria.

Eligible category	Net Proceeds Allocated
Sustainable Water and Wastewater Management	£197.7m
Terrestrial and Aquatic Biodiversity Conservation	£89.6m
Pollution Prevention and Control	£5.0m
Access to Essential Services	£4.7m
Total	£297.0m
Unallocated Amounts	£0.0m