

## NOTICE: ABOUT THE FOLLOWING REPORT

Deloitte LLP (“Deloitte” or “we” or “us”) was appointed by Severn Trent Plc to provide an independent assurance report on Selected Information within the Initial Allocation Report in relation to the reported use of the proceeds of sustainable bond ISIN XS2182065149 issued on 2 June 2020 (the “Purpose”).

We, Deloitte LLP, understand that certain users of the Initial Allocation Report (“Third Parties”) may wish to have sight of our report (“the Report”) related to the Purpose. The Report is confidential to Severn Trent Plc and they have sought our consent for the Report to be disclosed to you. We have consented to such disclosure on the basis set out in this notice.

You have obtained access to the Report by accepting the terms permitting access. You have therefore agreed that you obtained access for information purposes only in connection with the Purpose and the following:

- (a) The Report was prepared solely for the use of Severn Trent Plc and was not prepared for your use or with your interests in mind;
- (b) We have not updated the Report and are not obliged to do so. Events may have occurred after the date of the Report which would change its content, had they been known when the Report was prepared;
- (c) You will not disclose or make available the Report to any other party except as required by law or regulation. Notwithstanding the foregoing, you may disclose the Report to your affiliates (being any entity which is controlling, controlled by, or under common control with, you) on a need to know basis provided you procure their agreement to abide by the terms of the agreement formed by your acceptance of these terms and are responsible for their compliance therewith.
- (d) If you choose to rely upon the Report, you do so entirely at your own risk and without recourse to any Deloitte Parties. The Deloitte Parties have no liability or responsibility to you in contract or tort or otherwise for any loss, damage, cost or expense caused by your use of or reliance on the Information.
- (e) You agree not to bring, and procure that your affiliates will not bring, or threaten to bring, any actions, proceedings or claims against any of the Deloitte Parties in connection with the provision of the Report to you.

The “Deloitte Parties” means all entities (including Deloitte LLP) that are members of the Deloitte Touche Tohmatsu Limited (“DTTL”) worldwide network and each of their subsidiaries, predecessors, successors and assignees, and all partners, principals, members, owners, directors, employees, affiliates and agents of all such entities.

The Deloitte Parties may (individually or collectively) in their own right enforce the provisions of this agreement which refer to the Deloitte Parties.

The agreement formed by your acceptance of these terms (including all contractual and non-contractual rights and obligations arising out of or relating thereto) is governed by English law and the English Courts shall have exclusive jurisdiction to settle any dispute that may arise in connection with it.

By Reading the Report, you reconfirm your agreement to these terms. If you/or your company have obtained access to this Report without accepting the terms permitting access, then you are not authorized to possess, read, or have access to the Report, and should immediately return it Severn Trent PLC.

## Independent Assurance Report to the Directors of Severn Trent PLC

We have been engaged by the Directors of Severn Trent PLC to conduct a limited assurance engagement relating to Selected Information within the Initial Allocation Report which discloses the reported use of the proceeds of the sustainable bond ISIN XS2182065149 issued on 2 June 2020.

### Our conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Selected Information has not been prepared, in all material respects, in accordance with the Allocation Reporting Criteria as defined in the footnotes on page 10 of the Initial Allocation Report.

### Selected Information

The scope of our work was limited to assurance over the information shown in the Appendix (the "Selected Information").

### Respective responsibilities

The Directors are responsible for:

- establishing Allocation Reporting Criteria for preparing the Selected Information;
- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error; and
- measuring and reporting the Selected Information based on the Allocation Reporting Criteria.

Our responsibility is to express a conclusion on the Selected Information based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether anything had come to our attention that causes us to believe that the Selected Information has not been prepared, in all material respects, in accordance with the Allocation Reporting Criteria as defined in the footnotes on page 10 of the Severn Trent Initial Allocation Report.

Our procedures consisted primarily of:

- Performing enquires with management to understand how the Allocation Reporting Criteria have been applied in the preparation of the Selected Information;
- Performing a walkthrough of the key processes and assessing the design & implementation of the key controls for managing and reporting the Selected Information;
- Inspecting issuance documentation and bank statements to confirm the total reported values of gross and net proceeds;
- Verifying input listings of project expenditure to reported information from the accounting system, SAP;
- For a sample of assets and expenditures receiving allocations, inspecting business cases to verify the business plan line code assignment, and system generated reports to verify the expenditure by year;
- Verifying the percentage allocations of project expenditure used in the calculation of total eligible expenditure to analysis performed by the Business Planning Team and Strategic Asset Planning Team;
- Obtaining calculations of allocations to assets and expenditures to confirm this is consistent with the disclosure relating to Business Plan Objective allocations by financial year;

- Substantive testing to confirm that assets and expenditures received allocations by management in line with the approach set out on pages 10 and 11 of the Severn Trent Sustainable Finance Framework; and
- Inspecting minutes of the Sustainable Finance Committee to confirm the value of portfolio allocations during the period and that allocated projects were considered against the eligible categories and approved.

Our report is made solely to the Company's Directors, as a body, in accordance with ISAE 3000. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors as a body for our work, this report, or for the conclusions we have formed.

## Inherent limitations

Our engagement provides limited assurance as defined in ISAE 3000. 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 and 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.

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Our work does not involve testing the operating effectiveness of controls over the underlying data, nor have we sought to review systems and controls beyond those relevant to the Selected Information.

Our engagement provides limited assurance over the preparation of the Selected Information in accordance with the Allocation Reporting Criteria. The Allocation Reporting Criteria make reference to definitions outlined on pages 10 and 11 of the Severn Trent Sustainable Finance Framework. DNV GL Business Assurance Services Limited has provided a Second Party Opinion as to whether the Framework is aligned with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG), and the LMA Green Loan Principles (GLP) and Sustainability Linked Loan Principles (SLLP). We have not performed an assessment of this alignment as part of our engagement procedures.

## Our independence and competence

We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.

We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Deloitte LLP  
London, UK  
1 June 2021

## Appendix – Selected Information

Key features table on page 8 of the Sustainable Bond Allocation Report 2021

Issuer	Severn Trent Utilities Finance Plc
Currency	GBP
ISIN	XS2182065149
Size	£300m
Net proceeds	£296.2m
Settlement date	2 June 2020
Maturity date	2040
Coupon	2.000%
Allocated	£296.2m
Allocated %	100%

Sustainable bond allocation table on page 10 of the Sustainable Bond Allocation Report 2021

Business Plan Outcome	Sub-Portfolio	2019/20	2020/21	Total
A positive difference	Social	2.2	1.8	4.0
A service for everyone	Social	1.7	1.8	3.5
Good to drink	Green	14.9	28.6	43.5
The lowest possible bills	Green	-	0.8	0.8
A thriving environment	Green	17.8	84.7	102.5
Wastewater safely taken away	Green	11.6	37.6	49.2
Water always there	Green	25.8	66.9	92.7
<b>Total</b>		<b>74.0</b>	<b>222.2</b>	<b>296.2</b>