



Dated: 30th April 2021

(1) Severn Trent Water Limited

(2) J Sainsbury PLC

Alternative Eligible Credit Support Agreement made under Schedule 3 of the Business Terms within the Wholesale Contract

Tier 2 Alternative Unsecured Allowance Agreement

THIS AGREEMENT is made on 30th April 2021

BETWEEN

- (1) Severn Trent Water Limited, a company incorporated in England and Wales (No.02366686) whose registered office is at Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ ("Contracting Wholesaler")
- (2) J Sainsbury PLC a company incorporated in England and Wales (No. 0185647) whose registered office is at 33 Holborn, London, EC1N 2HT ("Contracting Retailer"); and

WHEREAS:

- (A) Pursuant to Schedule 3 of the Business Terms contained within the Wholesale Contract, a wholesaler and a retailer may agree to an Alternative Eligible Credit Support arrangement.
 - (B) This Agreement is an Alternative Eligible Credit Support arrangement between the Contracting Wholesaler and the Contracting Retailer, the purpose of which is to reduce the Eligible Credit Support required to be provided by the Contracting Retailer in connection with its wholesale contract with the Wholesaler dated 15 February 2021 and made under section 66E or section 117E of the Water Industry Act 1991 ("the Wholesale Contract").
 - (C) The Business Terms require that an Unsecured Credit Allowance shall be available to the Contracting Retailer, where the Contracting Retailer holds a Current Credit Rating or Current Credit Score. In addition, the Contracting Retailer is required to ensure the remainder of the Credit Support Amount is met through additional Eligible Credit Support and/or Alternative Eligible Credit Support.
-
- (D) The Business Terms further state that the parties may agree Alternative Eligible Credit Support for all or part of the Credit Support Amount.
 - (E) Accordingly, the Contracting Wholesaler and the Contracting Retailer agree to enter into this Alternative Eligible Credit Support Agreement (the "Agreement") to supplement the Wholesale Contract by enabling the Contracting Wholesaler to provide an Alternative Unsecured Allowance linked to the Maximum Credit Recommendation and Overall Business Risk as recommended by the Nominated Credit Scoring Agency.

1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement:

1.1.1. Alternative Unsecured Allowance means:

- an amount equal to 2% (two per cent) of the Maximum Credit Recommendation (save that the Alternative Unsecured Allowance shall not exceed £1 million pounds) if the Overall Business Risk is Low or Low/Moderate as detailed in the Nominated Credit Scoring Agency's Report; or
- an amount equal to 1% (one per cent) of the Maximum Credit Recommendation (save that the Alternative Unsecured Allowance shall not exceed €500,000 pounds) if the Overall Business Risk is Moderate as detailed in the Nominated Credit Scoring Agency's Report.

The Alternative Unsecured Allowance will be assessed each month and may change each month in accordance with any change in the Nominated Credit Scoring Agency's Report.

1.1.2. Code means the Wholesale-Retail Code issued by the Water Services Regulation Authority under sections 66DA and 117F of the Water Industry Act 1991;

1.1.3. Maximum Credit Recommendation means the figure set out in the Nominated Credit Scoring

Agency's Report.

1.1.4. Nominated Credit Scoring Agency means Dun and Bradstreet Limited, company number 160043, with its registered office located at The Point, 37 North Wharf Road, London, W2 IAF.

1.1.5. Other Unsecured Arrangement means any other arrangement for unsecured credit that the Contracting Wholesaler makes available to retailers and for which the Contracting Retailer meets the applicable eligibility criteria.

1.1.6. Overall Business Risk means the risk assessment carried out by the Nominated Credit Scoring

Agency's system as detailed in reports made available to customers, including the Contracting Wholesaler,

1.1.7. D&B Rating means the credit rating given by the Nominated Credit Scoring Agency's system as detailed in reports made available to customers, including the Contracting Wholesaler.

11.8. Wholesale Contract means the contract between the Contracting Wholesaler and the Contracting Retailer that constitutes:

(i) a Section 66D Agreement; or

(ii) a Section 117E Agreement; or

(iii) both a Section 66D Agreement and a Section 117E Agreement; and which, in each case, is in the form prescribed by the Wholesale-Retail Code;

1.2. Unless the context requires otherwise, terms not otherwise defined in this Agreement shall have the meaning ascribed to them in the Wholesale Contract or the Code.

1.2.1. Interpretation: Headings and titles are for convenience only and do not affect the interpretation of this Agreement. Unless otherwise described references in this Agreement to sections are to sections of this Agreement.

2. ALTERNATIVE ELIGIBLE CREDIT SUPPORT AGREEMENT

2.1 The Contracting Wholesaler and the Contracting Retailer agree that for such period as this Agreement is in effect, the Contracting Retailer shall (as an alternative to the Unsecured Credit Allowance to which the Contracting Retailer is entitled to under the Business Terms and any Other Unsecured Arrangement from time to time) be entitled to elect to benefit from the Alternative Unsecured Allowance, subject to and on the conditions of this Agreement.

2.2 The Alternative Unsecured Allowance shall at all times be an alternative to the Unsecured Credit Allowance and any Other Unsecured Arrangement and may be used independently of the Unsecured

Credit Allowance and any Other Unsecured Arrangement from time to time. In no circumstances shall the Contracting Retailer be entitled to combine the Alternative Unsecured Allowance with the Unsecured Credit Allowance and/or any Other Unsecured Arrangement.

2.3 The entitlement of the Contracting Retailer to the Alternative Unsecured Allowance is subject to the following condition (which shall at all times be a pre-condition of the Contracting Retailer having any entitlement to any unsecured credit in excess of the existing Unsecured Credit Allowance):

2.3. (a) the Contracting Retailer shall at all times hold and maintain a D&B Rating of 5A/1 or 5A/2

2.4. The Contracting Wholesaler reserves the right to review, temporarily suspend, or remove the entitlement of the Contracting Retailer to Alternative Eligible Credit Support under this Agreement, if:

(a) the Contracting Retailer becomes a Defaulting Trading Party under the Wholesale Contract, and/or is otherwise in breach of the Wholesale Contract; and/or

(b) the Contracting Wholesaler otherwise has reasonable grounds to believe that the Contracting Retailer

will default on its payment obligations under the Wholesale Contract, and in such circumstances the Contracting Wholesaler shall notify the Contracting Retailer in writing and the requirements of the Wholesale Contract relating to the provision of Eligible Credit Support shall continue as though this Agreement was not in force and effect from the date of the written notice.

2.5. The parties agree that nothing in this Agreement shall prejudice or otherwise undermine the obligation or other liability of the Contracting Retailer to pay any amount to the Contracting Wholesaler under the Wholesale Contract, and the rights and remedies of the Contracting Wholesaler in respect of such obligations and liabilities shall be unaffected.

3 TERMINATION ON THIS AGREEMENT

3.1 This Agreement will automatically terminate if the Wholesale Contract terminates.

3.2 This Agreement may be terminated:

3.2.1.1.1 by the Contracting Retailer on written notice to the Contracting Wholesaler at any time; or

3.2.1.1.2 by the Contracting Wholesaler on thirty (30) days' written notice to the Contracting Retailer; or

3.2.1.1.3 by the Contracting Wholesaler immediately in the event of three (3) or more incidents of late payment of Primary Charges, non-payment of Primary Charges or late provision of Eligible Credit Support or Alternative Eligible Credit Support by the Contracting Retailer with each late event not exceeding 3 days under this Agreement or under the Wholesale Contract} or -- -

-
- 3.2.1.1.4 by the Contracting Wholesaler immediately in the event of a single incident of late payment of Primary Charges, non-payment of Primary Charges or late provision of Eligible or Alternative Eligible Credit Support by the Contracting Retailer exceeding three (3) days under this Agreement or under the Wholesale Contract;
- 3.2.1.1.5 by the Contracting Wholesaler in the event that the Contracting Retailer fails to maintain the required D&B Rating as specified at clause 3.3(a); or
- 3.2.1.1.6 by either Party in the event that replacement credit support arrangements take effect between the Parties.
- 3.3 On expiry or earlier termination of this Agreement the arrangements set out herein shall end and the provision of the Credit Support Amount by the Contracting Retailer shall be governed exclusively by the Wholesale Contract and the Parties agree to co-operate with each other to the extent necessary to ensure compliance with the Wholesale Contract.

4 GENERAL

- 4.1 No variation of this Agreement shall be effective unless it is in writing and signed by or on behalf of each Party.
- 4.2 In the event of any conflict between this Agreement and the Wholesale Contract, the terms of the Wholesale Contract shall take precedence, save as expressly specified otherwise in this Agreement.
- 4.3 The Parties do not intend any third party to have any right to enforce any provision of this Agreement under the Contracts (Rights of Third Parties) Act 1999 or otherwise.
- 4.4 Any notices under this Agreement shall be served in accordance with the provisions of the Wholesale Contract.
- 4.5 Save for the Wholesale Contract, this Agreement is the entire agreement between the Parties and replaces all previous written or oral agreements, representations, and understandings between them, relating to its subject matter.
- 4.6 This Agreement shall be governed by and construed in accordance with English law, and the English courts shall have exclusive jurisdiction to determine any dispute arising in connection with it (but subject to the powers of the Water Services Regulation Authority to determine disputes).

SIGNED on behalf of the Contracting Wholesaler

ST Classification: OFFICIAL PERSONAL

ST Classification: OFFICIAL COMMERCIAL

by Name Signature

Position

. . . C . C . Q . . .

SIGNED on behalf of the Contracting Retailer

by Name Signature

Position

Utilities and Carbon Reporting Manager

J Sainsbury PLC - Severn Trent Schedule 3 Alternative Unsecured Allowance Agreement 240321 - SbD

Final Audit Report

2021-03-25

Created:	2021-03-24
Status:	Paul Densham (paul.densham@sainsburys.co.uk) Signed
Transaction ID:	CBJCHBCAABAAzw_cQMqTelrgy9F012W-lkE4b9iMg6Hz

"J Sainsbury PLC - Severn Trent Schedule 3 Alternative Unsecured Allowance Agreement - 240321 - SbD" History

Document created by Paul Densham (paul.densham@sainsburys.co.uk)

2021-03-24 - GMT- IP address: 92.18204.150

Document emailed to Amy Blackwell (amy.blackwell@sainsburys.co.uk) for signature 2021-03-24 - GMT

Email viewed by Amy Blackwell (amy.blackwell@sainsburys.co.uk)

2021-03-25 - 09:22:15 GMT- IP address: 212.20.152.209

Document e-signed by Amy Blackwell (amy.blackwell@sainsburys.co.uk)

Signature Date: 2021-03-25 - GMT - Time Source: server- IP address: 212,20.152.209

Agreement completed.

2021-03-25 - GMT

Adobe Sign