

SES Water
Minutes of a Meeting of the Board Meeting
Wednesday 22 March 2023

Held in the Boardroom, Redhill and via MS Teams
commencing at 14.45 hours

Present:

D Shemmans	DS	(Chair)
M Legg	ML	
J Woods	JW	
R Wiles	RW	
K Kageyama	KK	
K Oida	KO	
I Cain	IC	
P Kerr	PK	

In attendance:

T Kelly	TK
N Houlahan	NH
K Thornton	KT
S Brown	SB
D Lamb	DL
E Prince	EP
J Omura	JO
Y Yamamoto	YM

Absent:

2023 11. Declaration of Interests

DS reminded the Board to continue to update PK of any changes to the register of directors' interests.

2023 12. Minutes of Previous Meetings (including website minutes)

The minutes of the meetings held on 8 February 2023 were agreed and signed by the Chair, with summarised Board minutes approved for publication on website.

2023 13. Matters Arising and rolling board agendas.

PK reviewed the matters arising with the Board, noting in particular:

- Issues surrounding the timing and content of the draft Water Resources Management Plan (dWRMP) – including interventions from Ofwat – would be covered at the 23 March PR24 Board session.
- TK confirmed continued compliance with SES Water's environmental obligations, including confirming no pollution incidents.
- TK provided an update on the positive progress of the reservoir cleaning programme.
- NH reviewed the DWI audit status paper as contained with the Board papers, noting the ongoing audit work from the DWI across various sites.
- PK confirmed issuance of all the 2023/24 tariffs.
- TK confirmed the process to address Ofwat's questions on the water balance aspect of the leakage calculation, including a planned review with Ofwat in May 2023 ahead of year-end reporting.

- KT confirmed that management were awaiting Ofwat's sign-off of the GSS internal investigation as conducted by management, but Ofwat were not awaiting any further detail from management.

2023 14. Board Committee Reports

Report from the Remuneration Committee

JW reported on the recent Remuneration Committee meeting, noting the key points of discussion included:

- Agreement on the pay-deal reached between management and the JNCC.
- Proposed year-end remuneration matters, with variable pay for those eligible to be addressed following issuance of the draft year-end results at the June 2023 Remuneration Committee
- Updated on the gender pay reporting for 2022/23
- The Committee approved and recommended to the Board the 2023/24 Executive Pay policy. The Board approved the policy for issuance to Ofwat and publication on the Company's website.

Governance Committee

ML reported on the recent Governance Committee meeting, noting the key points of discussion included:

- Recommendation for year-end reporting as provided by Ofwat as part of their 2021/22 APR feedback process, including disclosures on dividends and executive pay.
- The recommendation by the Committee not to pursue any further legal advice or action with respect to Ofwat's conclusions on the ring-fencing (financial resilience) consultation. The Board agreed with this recommendation.
- Successful completion of the 2022/23 Board training schedule
- The timeline and process for the upcoming internal Board Effectiveness review, with results to be discussed at the June 2023 Board and Committee meetings.

Pension Risk Management Committee

ML reported on the recent Pension Risk Management Committee meeting, noting the key points of discussion included:

- Upcoming review of the investment performance of the defined contribution scheme in June 2023
- Status of the proposed buy-in of the defined benefit scheme pending trustee approval of the transaction

Audit Committee

ML reported on the recent Audit Committee meeting, noting the key points of discussion included:

- The update on risk and compliance matters, including the internal audit program status.
- Approval and recommendation to the Board by the Committee of the following Company policies - Code of Conduct and Business Ethics, Corporate hospitality and gifts, Compliance code, Equality, Diversity and Inclusion Policy, Dividends Policy, Emergency Planning Policy, Plastics Policy and Security policy. The Board approved the policies for issuance.

- An update on systems-based resilience, and recommended actions ahead of incorporation into PR24 work
- The progress on cyber security matters, including the latest result of penetration testing and cyber assessment framework review.
- Year-end accounting matters, including management’s latest position on bad debt and revenue recognition matters, with KT updating on latest cash collection activities.
- The update from PwC on their interim audit work, with a focus on revenue and debtor related reconciliation work ahead of year-end
- The status of Motts interim audit on non-financial metrics.

Financing Committee

ML reported on the recent Financing Committee meeting, noting the key points of discussion included:

- The continued focus on financial resilience matters in the light of macro-economic factors (e.g., high inflation levels), 2023/24 capex funding requirements and the ongoing strategic review.
- The need to continue to optimize totex and the focus on cash management in the coming months.
- The support being provided by Linklaters for the Board to provide support on directors’ duties during the period of the strategic review.

2023 15. Regulatory and Performance update

Overview

IC noted that the monthly performance report was taken as read, noting the focus on various year-end performance commitment reporting matters including:

- Focus on ensuring various commitments – such as social tariffs goals – are fully met ahead of year-end audit, with final management focus over the last 4 weeks of monitoring.
- The planned focus for 2023/24 for PC performance, including a re-set C-MEX and D-MEX plan, and being conscious of the 2023/24 financial budget.

2023 16. Shareholder Update

No further updates from the shareholders.

2023 17. AOB

No further matters noted.

2023 18. CFO/NEDs private session

A private session was held with IC and the NEDs.

2023 19. Date of Next Meeting

Wednesday 14 June 2023

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(Chair)