

Board assurance of charges for 2022-23

In approving the 2022-23 SES Water Schemes of Charges, the Board has considered:

1. Internal assurance

- 1.1. The information presented to the Board on the charge setting process and expected outcome on future charges at the Board meetings held on 24 September 2021, 25 November 2021 and 10 January 2022. This included the Company's view on how the proposed charges meet all legal and regulatory obligations.
- 1.2. The change in wholesale charges for a range of different customer types as presented by the Company, with an increase in charges of c4.1% primarily due to the impact of higher inflation and inclusion of revenue under-recovered in 2020-21 leading to an increase in the Company's allowed revenue for 2022-23 as compared to current year. The Company's allowed revenue for 2022-23 is appropriately reduced by penalties associated with the Company's 2020-21 performance as determined by Ofwat.
- 1.3. The effects of the 2022-23 charges on customers' bills for a range of different customer types. Since tariff increases from prior year are less than 5%, a Statement of Significant Changes is not required.
- 1.4. The Company's systems and processes for documenting the Company's forecast data on customer numbers by type and consumption volume and the models that calculate the charges based on the collated input data.

2. External assurance

- 2.1 The report from the external provider of independent assurance of charges for 2022-23 regarding the Company's compliance with the required procedures for determining charges contained in Ofwat's charging rules.

3. External engagement

- 3.1 The Company has communicated with Consumer Council for Water (CCW) on a timely basis about the upcoming changes in its charges and is always open to discussion or response to any relevant query from customers or other stakeholders.

Based on the engagement described above, the Board is able to confirm that:

- The Company has complied with its legal obligations (including competition law) and Ofwat's relevant charging rules.
- The Company has the appropriate systems and processes in place for documenting the Company's forecast data on customer numbers by type and consumption volume and the models that calculate the charges based on the collated input data.
- The Company has consulted the CCW in a timely and effective manner on its charges and has provided early information to CCW and Ofwat on expected bill increases.

SES Water

- The report from the external provider of independent assurance of charges for 2022-23 which highlighted no issues or concerns with the procedures followed by the Company and the resulting charges.
- The Company has assessed the effect of the charges that will apply from April 2022 on a range of different customer types. Given that the increases in charges from prior year are below 5%, no Statement of Significant Changes is required.

Signed on behalf of the Board of Directors, 13 January 2022.

Ian Cain



(Group Chief Executive Officer)

Murray Legg



(Non-Executive Director and Chair of the Audit Committee)

Paul Kerr



(Group Chief Financial Officer)