

BOARD ASSURANCE STATEMENT FOR WHOLESALE CHARGES 2025/26

Our approach to assurance

The Board acts as the main governing body for the purpose of oversight for the company's regulated business. Our approach to governance is an integral part of our culture, guiding how we do business and create value for our stakeholders.

We publish information which ensures we not only meet our statutory, licence and regulatory obligations but also provide information to customers on the Company's activities, how the Company is performing and most importantly, how customers can get help when they need it.

Underpinning the information, we publish our robust risk and assurance processes. These processes have been embedded into the management of the Company and are designed to ensure risks are promptly identified, updated on a regular basis, and appropriate mitigation is in place to suit the level of risk.

We have a mature integrated risk management framework which is fully embedded into our governance structures and embodies our values of being 'trusted' and 'responsible' in the way we carry out our business. Details of this integrated assurance approach is published each year in our assurance plan.

Our integrated assurance approach includes:

- Management - review, quality control and sign off
- Policy setting and compliance checking – adequate policies, internal audit, and business management systems
- External scrutiny – external audit and other assurance providers

Our risk and assurance framework remains largely unchanged from our previous review of our risks, strengths and weaknesses and the methodology for identification and mitigation of risk remains fit for purpose at individual business unit and corporate levels.

Assurance activities in respect of Wholesale tariffs & charges 2025-26

In approving the 2025-26 SES Water Schemes of Charges, the Board has considered:

1. Internal assurance

- 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 2024, 22 November 2024, 6 January 2025 and 10 January 2025. This included the Company's view on how the proposed charges meet all legal and regulatory obligations.
- The change in wholesale and retail charges for a range of different customer types as presented by the Company are expected to be within the range of -2.6% to +0.2% (a reduction of 2.6% and an increase of 0.2%), depending on the tariff class, due to Ofwat's Final Determination for SES Water.
- The effects of the 2025-26 charges on customers' bills for a range of different customer types. A handling plan is in place to communicate the change with stakeholders and provide financial support to those who need it.
- The Company's systems and processes for documenting the Company's forecast data on customer numbers by type, the planned rolling out of metering of various types (reflecting how many customers switch from unmeasured to measured charges), consumption volume and the models that calculate the charges based on the collated input data.

2. External assurance

The report from the external provider of independent assurance of charges for 2025-26 regarding the Company's compliance with the required procedures for determining charges contained in Ofwat's charging rules.

The external assurance provider's procedures are agreed-upon procedures and reported to the Board. They will confirm that there were 'no issues identified that would present concerns that would represent material risk of the tariffs being non-compliant' and that the tariff setting is based on the best information available and estimates at the time of modelling.

3. External engagement

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, the switching from unmeasured to measured charges, 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. The company also complies with the CCW requirement of populating the standard proforma that shows how the tariff is formed on the basis of allowed revenue, past performance and inflation.
- The report from the external provider of independent assurance of charges for 2025-26, which highlighted no issues or concerns with the procedures followed by the Company and the resulting charges.

Board Statement

The SES Board has overseen the development of wholesale charges for 2025/26.

The SES Board considers the process that SES has gone through in setting the 2025/26 wholesale tariffs is sufficient to ensure that in all material aspects the wholesale charges comply with the relevant legal and statutory obligations and have been developed in accordance with Ofwat's Wholesale Charging Rules.

Due to the strong governance and assurance processes applied during the development of the wholesale charges, SES Board can confirm:

- it has satisfied itself that appropriate systems and processes are in place to ensure that the charges are accurate.

To the extent that uncertainty will remain around the consumption, future inflation, the cost of living and the wider economy, charges have been developed using best endeavours and known information, SES Board has carefully considered whether:

- the wholesale charges schedules are consistent with SES's legal obligations in relation to wholesale charges;
- the impacts of the new charges on customer bills for different customer groups require impact assessments and handling strategies to be developed;

- appropriate engagement has been carried out with relevant stakeholders, including CCW, in a timely and effective manner.

SES has assessed the effect of the charges that will apply from April 2025 on a range of different customer types. Given the increases in charges from prior year are below 5%, no Statement of Significant Changes will be published alongside the final charges.

David Sproul Chair	
Susan Davy Chief Executive Officer	
Laura Flowerdew Chief Financial Officer	
Jon Butterworth MBE Independent Non-Executive Director	
Iain Evans CBE Independent Non-Executive Director	
Lorraine Woodhouse Independent Non-Executive Director	
Dorothy Burwell Independent Non-Executive Director	