

Our Ref: PK/LAT/Ofwat

28 April 2023

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Dear Sirs

Protecting customer interests on performance related executive pay: Proposed guidance

Thank you for the document issued in March 2023 setting out your proposed guidance relating to the scope and application of the performance related executive pay (PRP) recovery mechanism you intend to apply, as outlined in Ofwat's PR24 final methodology. We have noted that - under this mechanism – Ofwat would be able to adjust revenue allowances, so that customers do not fund PRP awards if a company is unable to demonstrate that their executive pay decisions reflect Ofwat's expectations in this area.

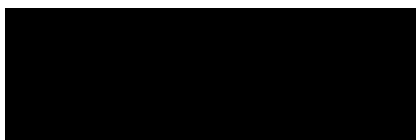
As noted in our initial responses to Ofwat's PR24 methodology, we do not consider that such as additional mechanism is required in SES Water's circumstances.

As detailed in our letter to David Black on 6 January 2023 (in response to his letter of 5 December 2022), we believe that the recent changes we have made in regard to executive pay put us in a very strong position. We will continue to work to develop and reinforce transparency on executive performance related pay, ensuring there remains a robust process in place and a substantial link between delivery for our customers and protecting the environment. This is an area that our Remuneration Committee have taken very seriously and, as a result, made appropriate changes to our Executive Pay Policy over time.

We therefore do not consider further mechanisms such as the PRP recovery mechanism – in our circumstances – are required given the above focus by our Remuneration Committee.

Should you have any queries or concerns, please do not hesitate to contact me.

Yours faithfully



Paul Kerr
Group Chief Financial Officer

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We invest in people Silver

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