

Good governance is essential to strategic delivery



We continue to be supportive of Ofwat's focus on increasing trust and confidence in the water industry and have explicitly included more information in this report.

Jeremy Pelczer
Chairman



The UK Corporate Governance Code defines corporate governance as the system by which companies are directed and controlled. It is about what the Board does and how it sets the values of the Company.

The Board of Directors, led by myself as chairman, has always taken its responsibility for the governance of this Company very seriously. Good governance is based on the underlying principles of accountability, transparency, probity and focus on the sustainable success of the business over the longer term. In this section of the Annual Report we will explain our roles and how we have put the principles of good governance into practice. In light of recent questions about the transparency of the water industry, we have made a particular effort to ensure the information presented is clear and the key points are drawn out.

As a monopoly company we are in a privileged position, which is why we have always taken a proactive approach to our corporate governance and the transparency of our decision making. We recognise how important this is in ensuring the trust and confidence of our customers and the legitimacy of our Company and the wider industry.

Our ongoing focus on this area means we are well positioned to respond to the increased level of scrutiny that the industry is facing and indeed we are already achieving many of the key actions identified by Ofwat in its board leadership, transparency and governance principles published in January 2019. However, we recognise the importance of the Government and Ofwat's reform agenda that is currently being implemented, and we will further increase our efforts to address issues around leadership, transparency and building the trust of our customers. Our Business Plan for 2020 to 2025 details the enhancements we will make to our current practices and 'Keeping it clear', our new guide to how we are owned and run, summarises the steps we have already taken to date.

Jeremy Pelczer
Chairman
15 July 2019

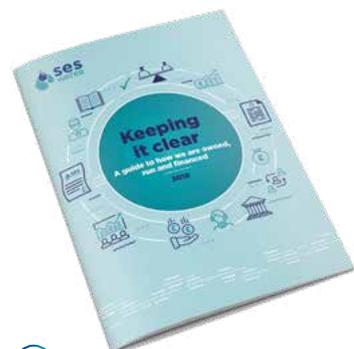
Responding to our regulator

We continue to be supportive of Ofwat's focus on increasing trust and confidence in the water industry and have explicitly included more information in this report:

- The regulatory reporting section includes further information on how we believe our governance approach meets future reporting requirements and also a new Board statement on our direction, aspirations and performance
- Further explanation of our executive pay policy in the Remuneration Committee report
- Expanded disclosures to be more transparent about matters reserved for the Board



More detail is also available in the Corporate governance report on page 37.



To read our first ever customer-friendly guide to how we are owned, run and financed, see our website:

www.seswater.co.uk

Did you know?

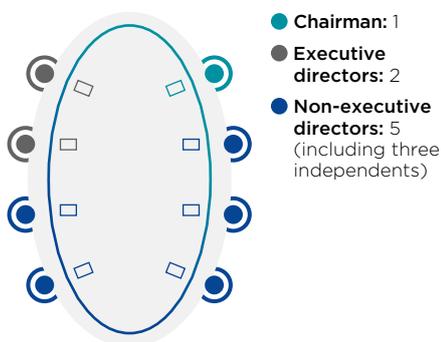
We have an **independent Customer Scrutiny Panel** which provides an invaluable contribution to our governance processes. You can read more from Graham Hanson, Chair of the CSP on page 98

We submitted our Business Plan for 2020 to 2025 in September 2018. In it **we commit to reducing bills by 6%** (before inflation), **increasing investment in our service to £126 million** and making **£21 million of efficiency savings**

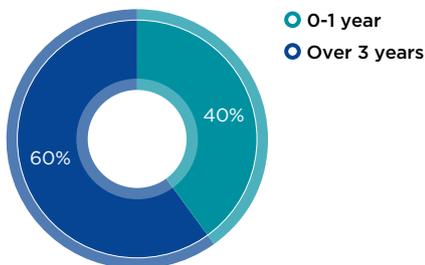
Board overview

The role of the Board is to provide leadership and to review the overall strategic development of the Company.

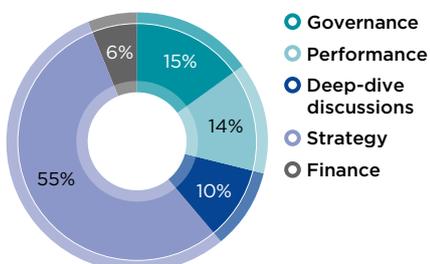
Board composition



Non-executive director tenure (%)



How the Board spent its time (%)

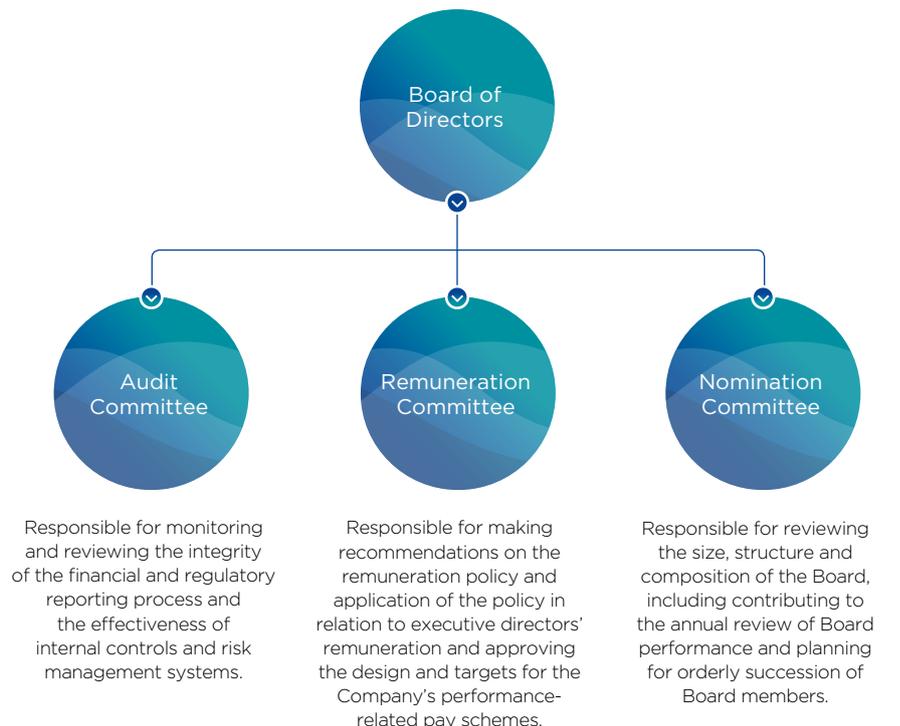


Industry/background experience

- Energy/Engineering
- Political/Regulatory
- Business development
- Financial

Governance framework and compliance

Our governance framework, which is shaped by the 2016 UK Corporate Governance Code (the Code), the Companies Act 2006 and secondary legislation, sets out standards of good practice in relation to Board leadership and effectiveness, accountability, remuneration and relations with shareholders.



 Murray Legg Chairman	 Dave Shemmans Chairman	 Jeremy Pelczer Chairman
Read more on page 61	Read more on page 52	Read more on page 50

Additionally, the Board also has pension, energy, governance and PR19 financing committees.

Key responsibilities

Chairman	Managing director	Finance and regulation director and company secretary	Non-executive directors
<ul style="list-style-type: none"> • Operation and effectiveness of the Board • Ensuring effective contributions to the Board by all • Disseminating accurate and timely information 	<ul style="list-style-type: none"> • Strategic planning • Performance of the Company • Leading senior management team in operating the Company 	<ul style="list-style-type: none"> • Responsible for support functions, corporate governance and ensuring adherence with statutory and regulatory requirements 	<ul style="list-style-type: none"> • Independent judgement, knowledge and experience • Constructive challenge • Help develop strategy proposals