

South East Water Pension Scheme

Annual Report and Financial Statements

31 March 2025

Scheme Registration number 10183078

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Section 1 – Trustee and its Advisers

Trustee

Water Pension Trustee Limited was appointed as Trustee of the South East Water Pension Scheme (“SEWPS”) in December 2016. They are also the Trustee of the Mid Kent Group Pension Scheme (“MKGPS”).

The Trustee Directors

Company appointed

J Stimpson (Chair)

R Loh

M Hersey

S Jenkins

N A Morton

Member nominated

M Giel (appointed by the members of both SEWPS and MKGPS)

D Chung (appointed by the members of both SEWPS and MKGPS)

R J Allison (appointed by the members of both SEWPS and MKGPS)

P Seeley (appointed by the members of both SEWPS and MKGPS)

Secretary to the Trustee:

Peter Carver FIA C.Act CERA, Hymans Robertson LLP

Advisers

The advisers to the Trustee are set out below:

Actuary

Shireen Anisuddin FIA C.Act CERA, Hymans Robertson LLP

Additional Voluntary Contribution (“AVC”) Provider

Aviva UK Limited

Administrator

Hymans Robertson LLP

Annuities Provider

Just Group Plc (“Just”)

Auditor

Cooper Parry Group Limited

Banker

Barclays Bank plc

Investment Consultant

Hymans Robertson LLP

Investment Managers

Insight Investment Management (Ireland) Limited (“Insight”) (terminated 17 December 2024)

Legal and General Investment Management Limited (“LGIM”)

Schroders Investment Management (UK) Limited

TwentyFour Asset Management LLP (“24AM”) (terminated 23 August 2024)

Legal Adviser

Squire Patton Boggs (UK) LLP

Principal Employer

South East Water Limited

Employer’s Contact Address

Reward Manager

South East Water Limited

Rocfort Road

Snodland

Kent, ME6 5AH

Section 2 – Trustee’s Report

The Trustee of the South East Water Pension Scheme is pleased to present its report together with the audited financial statements and actuarial statements of the Scheme for the year ended 31 March 2025. The purpose of the report is to describe how the Scheme and its investments have been managed during the year.

Management of the Scheme

Legal Status

The Scheme is governed by a Definitive Trust Deed and Rules dated 28 December 2016.

The Scheme is a defined benefit scheme and is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

Members of the Scheme were contracted out of the State Second Pension, prior to the closure of the Scheme to future benefits. Prior to 6 April 2012 this was on a Money Purchase ('Protected Rights') basis. Following the Government's abolition of contracting out on a Money Purchase basis from 6 April 2012, the Scheme was amended to instead be contracted out on a Defined Benefit ('Reference Scheme Test') basis from 6 April 2012 onwards.

The Scheme closed from 1 April 2015. The closure means that active members will earn no further benefits from 31 March 2015. Any benefits built up in the Scheme prior to this date are protected and all members will still receive them as expected. Ongoing pension benefits are provided through the Company's Defined Contribution scheme.

Trustee

The Trustee of the South East Water Pension Scheme is Water Pension Trustee Limited whose Directors are listed on page 1.

In accordance with the trust deed the Principal Employer has the power to appoint and remove Company appointed Trustee Directors.

In accordance with the Occupational Pension Scheme (Member Nominated Trustees and Directors) Regulations 1996, four of the Trustee Directors are nominated by the members of the South East Water Pension Scheme and Mid Kent Group Pension Scheme to serve for a period of up to five years.

The Member Nominated Trustee Directors may be removed before the end of their term only by agreement of all of the remaining Trustee Directors, although their appointment ceases if they cease to be members of the Scheme.

The Trustee met formally for regular Trustee meetings four times (2024: four) during the year. In addition, there were further meetings for other activities including additional meetings in respect of specific projects and a number of meetings of subcommittees. The Trustee of the South East Water Pension Scheme, Water Pension Trustee Limited, is also the Trustee of the Mid Kent Group Pension Scheme, and all Trustee meetings and a number of subcommittee meetings are joint meetings of the two Schemes.

Full scheme buy-in transaction

On 12 December 2024, the Trustee signed a buy-in contract and completed a transaction with Just Group Plc to cover all uninsured liabilities of the Scheme. The contract covered all members, except for those members whose liabilities are already insured under the existing buy-in policy with Just Group Plc. The premium paid was £117.3m and the approximate valuation of the buy-in policies is £105.5m as at 31 March 2025.

Trustee's Report (continued)

Virgin Media Ltd v NTL Pension Trustees II

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was subject to appeal which was subsequently heard on 25 July 2024 and the original decision upheld. However, on 5 June 2025, the Department of Work and Pensions announced that the UK Government would be introducing legislation to allow relevant benefit changes to be retroactively certified.

The Trustee has investigated the possible implications with their advisers and concluded that the section 37 ruling was not relevant to the Scheme as it was not contracted out on a salary related basis between 6 April 1997 and 5 April 2016.

Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Scheme decreased from £132,471k at 31 March 2024 to £110,890k at 31 March 2025. The decrease in net assets is accounted for by:

	31 March 2025 £000	31 March 2024 £000
Contributions paid in by the Company	7,042	6,678
Benefits paid to members and payments in respect of leavers	(7,792)	(8,214)
Administrative expenses	(906)	(378)
Net withdrawals from dealings with members	(1,656)	(1,914)
Net return on investments	(19,620)	1,132
Investment manager expenses	(305)	(414)
Total decrease in net assets for the year	(21,581)	(1,196)
Net assets at the start of the year	132,471	133,667
Net assets at the end of the year	110,890	132,471

Pension Increases

During the Scheme year, pension increases were applied in accordance with the Scheme Rules as follows:

- Effective date – 1 April 2024
- Pensions in payment:
 - Guaranteed Minimum Pension (“GMP”s) accrued pre 6 April 1988 = Nil% (increases in line with the annual rise in Consumer Price Index (“CPI”) may be payable by the State)
 - GMPs accrued post 5 April 1988 = 3% (in accordance with the statutory revaluation orders)
 - non GMP benefits accrued pre 6 April 1997 = 6.7%
 - benefits accrued post 5 April 1997 = 6.7%

Deferred pensions are increased in accordance with statutory requirements

Trustee's Report (continued)

Transfer Values

All transfer values paid during the year were calculated and verified as required under Section 97 of the Pension Schemes Act 1993.

Transfer values paid represented the full value of members' guaranteed benefits. There were no transfers paid at less than the cash equivalent.

No allowance is made for any discretionary benefits when assessing transfer values.

Schedule of Contributions

Following the actuarial valuation on 31 March 2023, a Schedule of Contributions was agreed and certified by the Scheme Actuary on 10 June 2024. Deficit contributions of £4,847,034 per annum and expense contributions of £389,231 per annum were effective from 1 July 2024 until 31 March 2025.

This replaced the previous Schedule of Contributions which was certified by the Scheme Actuary on 18 June 2021. Under this, deficit contributions of £3,770,104 per annum and expense contributions of £302,750 per annum were payable effective from 1 July 2021 until 31 March 2025, increasing annually with RPI inflation from 1 April 2022.

The Schedule of Contributions is reproduced on pages 30 and 31 and a copy is available on request from the Trustee.

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Scheme has adopted a Statutory Funding Objective which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date (also known as the liabilities). This value is assessed using the assumptions agreed between the Trustee and the Employer as set out in the latest Statement of Funding Principles dated 10 June 2024, which is available on request.

The most recent signed actuarial valuation of the Scheme was carried out as at 31 March 2023. This showed that on that date:

The value of the Technical Provisions was: £140.0 million

The value of the Scheme's assets was: £133.6 million

Both these figures exclude the value of members' AVC funds. On this basis the Scheme had a funding deficit of £6.4 million at 31 March 2023 corresponding to a funding level of 95%.

A Recovery Plan was agreed between the Trustee and the Employer on 10 June 2024 to address the funding shortfall, details are set out later in this report.

Between triennial actuarial valuations, trustees of defined benefit schemes with more than 100 members must commission an annual funding report called an "Actuarial Report". The Actuarial Report must have an effective date of no later than one year from the date of the previous actuarial valuation or Actuarial Report and must be completed within one year of the report's effective date, the results of this are summarised in the table below. An Actuarial Report for the Scheme as at 31 March 2025 will be prepared before 31 March 2026. The next triennial valuation of the Scheme is due as at 31 March 2026.

Trustee's Report (continued)**Report on Actuarial Liabilities (continued)**

	Actuarial Valuation as at 31 March 2023 £m	Actuarial Report as at 31 March 2024 £m
Assets	133.6	132.5
Technical Provisions	(140.0)	(131.3)
(Deficit)/Surplus	(6.4)	1.2
Funding level	95%	101%

The method and the significant actuarial assumptions used to determine the Technical Provisions are as follows (further details of all assumptions adopted are set out in the Statement of Funding Principles dated 10 June 2024):

Method:

The actuarial method used in the calculation of the Technical Provisions is the 'Projected Unit' method.

Significant assumptions:

Discount rate: In line with gilt yield curve + 0.8% per annum ("p.a.") until 31 March 2025; then + 0.5% p.a. thereafter.

Future RPI inflation: In line with a gilt market implied inflation curve.

Future CPI inflation: Derived from the assumption for future RPI inflation, less an adjustment of 1.0% p.a. to 2030, then less 0.1% p.a. thereafter.

Pensionable salary increases: No allowance due to Scheme closure from 31 March 2015.

Pension increases (in excess of GMP): CPI price inflation adjusted to allow for an annual floor of 0% p.a.

Revaluation prior to retirement: In line with the greater of statutory revaluation and the relevant multiplier under the Pensions (Increase) Act 1971.

Mortality: Member specific Club Vita tables based on the Scheme's membership at the 2023 valuation. Future improvements in line with Continuous Mortality Investigation ("CMI") 2021 core model with core smoothing parameter ($S_k=7.0$), addition to initial improvements ('A' parameter) of 0.0, and a long-term rate of improvement of 1.5% p.a. tapering linearly to zero between the ages of 85 to 110.

Commutation: Members assumed to commute 80% of the maximum allowable pension under post-April 2006 HMRC limits on current Scheme terms.

Other assumptions: Appropriate allowance is made for early retirements, as set out in the Statement of Funding Principles dated 10 June 2024.

Trustee's Report (continued)

GMP

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The Trustee is aware that the issue affects the Scheme and is well progressed in implementing changes to equalise the GMP benefits in the Scheme, which is expected to take place by February 2026. The impact on the Scheme is not expected to be material and has therefore not been recognised in the accounts.

In November 2020 a further judgement was passed down on the Lloyds Bank GMP equalisation case, requiring pension scheme trustees to investigate historic transfer payments since 17 May 1990 and check whether the payment would have been higher had the member's benefits been equalised for the effects of unequal male and female GMPs. In cases where payments would have been higher, trustees may have an obligation to make "top-up" payments. The Trustee will take advice on the matter as part of the larger project of implementing GMP equalisation, but the impact on the Scheme is not expected to be material and has therefore not been recognised in the accounts.

Trustee's Report (continued)

Scheme Membership

The reconciliation of the Scheme membership during the year ended 31 March 2025 is shown below:

Pensioner Members (including spouses and dependants)	Number
As at 31 March 2024	684
Prior period adjustments	(2)
Restated as at 31 March 2024	682
Retirements	18
Deaths	(29)
Spouses' pensions	17
Pensioner members as at 31 March 2025	688

Deferred Pensioner Members	Number
As at 31 March 2024	290
Retirements	(18)
Deferred pensioner members as at 31 March 2025	272

Prior period adjustments relate to member movements that occurred in the prior period but of which the Scheme was not notified or otherwise could not process until the year reported.

Trustee’s Report (continued)

Investment Policy

Investment manager

The Scheme’s investments are handled by investment managers appointed by the Trustee. The investment strategy is agreed by the Trustee after taking appropriate advice. Subject to the investment strategy set by the Trustee, day to day management of the Scheme’s portfolio, which includes full discretion over stock selection, is the responsibility of the investment managers. The investment managers are shown on page 1.

Investment strategy

The historical investment strategy was designed to reduce the risk to the development of the Scheme’s funding position through investing in assets which generated cash along with the benefits due. In December 2024, the Trustee entered into an insurance policy with Just that is expected to secure the benefits of all Scheme members. The policy is held as an investment of the Scheme ahead of the long-term funding target of buy-out. It removes the Scheme’s exposure to longevity risk, key financial risks such as credit risk, and provides protection against interest rate and inflation risk.

Following payment of the buy-in premium to Just, residual assets are held as reserves against ongoing expenses and timely payment of benefits. The residual assets have been invested in the LGIM Sterling Liquidity Fund which can be drawn down by the Scheme as and when required. The Scheme also has a residual allocation to Schroders Private Equity which is currently in its liquidation process and due to distribute the remaining cash back to the Scheme between 2025 and 2026.

Asset allocation

The asset allocation of the Scheme at 31 March 2025 is summarised in the table below.

	Valuation (£’000)	Total Fund (%)
Just annuity policies	105,510	96.7
Private Equity	97	0.1
Cash	3,534	3.2
Total	109,141	100.0

Notes: 1) Bid prices sourced from investment managers.

2) The cash value excludes monies held in the Trustee bank account.

Pricing methods of managers

Investment Manager	Fund	Pricing point
Legal & General Investment Management Limited	Sterling Liquidity Fund	Daily
Schroders Investment Management (UK) Limited	Schroder Private Equity Fund	n/a

Statement of Investment Principles (“SIP”)

The Trustee has prepared a SIP, which sets out the principles governing how investments are chosen. A copy of the Scheme’s SIP can be found at www.sewpensionscheme.co.uk/resources/statement-of-investment-principles-2024/.

Trustee's Report (continued)

Custodial Arrangements

The custodian is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Underlying investments are held in the name of the custodian's nominee companies, in line with common practice for pension scheme investments. The table below shows the custodial arrangements for each investment manager.

Investment Manager	Custodian
Legal and General Investment Management Limited	Northern Trust Fiduciary Services (Ireland) Limited;
Schroders Investment Management (UK) Limited	Schroders Investment Management (UK) Limited

Employer Related Investments

There were no employer related investments during the year (2024: £nil).

Trustee's Report (continued)

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the Financial Statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

Trustee's Report (continued)

Further Information

Internal Dispute Resolution (“IDR”) Procedures

It is a requirement of the Pensions Act 1995 that the trustees of all occupational pension schemes must have IDR procedures in place for dealing with any disputes between the Trustee and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained by writing to the Secretary to the Trustee at the following address:

Secretary to the Trustee
South East Water Pension Scheme
Hymans Robertson LLP
One London Wall
London
EC2Y 5EA
Email: southeastwater@hymans.co.uk

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals about their benefits or for a copy of Scheme documentation, should be sent to the Secretary to the Trustee at the above address.

The Money and Pensions Service (“MaPS”)

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service
Borough Hall
Cauldwell Street
Bedford
MK42 9AB
Tel: 0800 011 3797
www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

Members can also submit a complaint form online: www.pensions-ombudsman.org.uk/making-complaint

Trustee’s Report (continued)

The Pensions Regulator (“TPR”)

TPR has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund (“PPF”). TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
 Telecom House
 125 -135 Preston Road
 Brighton
 BN1 6AF

www.thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

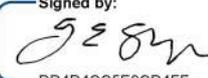
The Pension Service
 Post Handling Site A
 Wolverhampton
 WV98 1AF
 Tel: 0800 731 0175

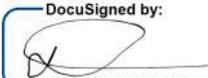
www.gov.uk/find-pension-contact-details

Approval of the Report by the Trustee

The investment report included in this annual report and financial statements forms part of the Trustee’s report.

Signed for and on behalf of the Trustee of the South East Water Pension Scheme by:

Signed by:  Trustee Director
 DD4D4CC5E9CD4FF...

DocuSigned by:  Trustee Director
 62F2D7FAEE9142F...

27 October 2025 Date

Section 3 – Independent Auditor’s Report to the Trustee of South East Water Pension Scheme

Opinion

We have audited the financial statements of the South East Water Pension Scheme for the year ended 31 March 2025 which comprise the fund account, the statement of net assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon and our auditor’s statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Trustee of the South East Water Scheme (continued)

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 10, the Scheme's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the Scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme and how the Scheme is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Scheme's control environment and how the Scheme has applied relevant control procedures, through discussions and sample testing of controls;
- obtaining an understanding of the Scheme's risk assessment process, including the risk of fraud;
- reviewing Trustee meeting minutes throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

Independent Auditor's Report to the Trustee of the South East Water Scheme (continued)

Auditor's responsibilities for the audit of the financial statements

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
Date:

COOPER PARRY GROUP LIMITED

Statutory Auditor

Section 4 – Financial Statements

Fund Account for year ended 31 March 2025

	Note	2025 £000	2024 £000
CONTRIBUTIONS AND BENEFITS			
Contributions			
Employer	4	7,042	6,678
Benefits	5	(7,792)	(8,125)
Payments to and on account of leavers	6	-	(89)
Administrative expenses	7	(906)	(378)
		(8,698)	(8,592)
Net withdrawals from dealings with members		(1,656)	(1,914)
RETURNS ON INVESTMENTS			
Investment income	8	3,875	3,429
Change in market value of investments	10	(23,495)	(2,297)
Investment management expenses	11	(305)	(414)
Net returns on investments		(19,925)	718
Net decrease in the Scheme during the year		(21,581)	(1,196)
Balance of the Scheme at the start of the year		132,471	133,667
Balance of the Scheme at the end of the year		110,890	132,471

The notes on pages 18 to 27 form part of these financial statements.

Financial Statements (continued)

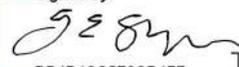
Statement of Net Assets (available for benefits) as at 31 March 2025

	<i>Note</i>	2025 £000	2024 £000
Investment assets	10		
Pooled investment vehicles (“PIVs”)		3,631	126,953
Insurance policies		105,510	5,215
AVC investments		32	30
Accrued interest		22	14
		109,195	132,212
Current assets	12	2,503	1,017
Current liabilities	13	(808)	(758)
Net assets of the Scheme at the end of the year		110,890	132,471

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on actuarial liabilities on pages 4 and 5 of these financial statements and should be read in conjunction therewith.

These financial statements were approved by the Trustee of the South East Water Pension Scheme and signed for and on their behalf by:

Signed by: 
DD4D4CC5E9CD4FF... Trustee Director

DocuSigned by: 
62F2D7FAEE9142F... Trustee Director

27 October 2025 Date

The notes on pages 18 to 27 form part of these financial statements.

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 31 March 2025

1 BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS 102) – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice, “Financial Reports of Pension Schemes” (Revised June 2018) (“the SORP”).

The Trustee considers it appropriate to use the going concern basis as it believes that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months. On 12 December 2024, the Trustee entered into a second buy-in policy with Just to secure the remaining uninsured benefits. From this the Trustee has comfort that future benefit payments are covered, which comprise almost the entirety of the Scheme’s expected expenditure. The Trustee also has sufficient assets to cover expected expenses related to administering the Scheme. The Trustee and the Employer have not yet reached a decision on whether to buy out the Scheme members’ benefits and/or wind up the Scheme. Currently it remains the Trustee’s and Employer’s intention that the Scheme will continue in its existing form for at least the next twelve months.

In reaching the conclusion that it is appropriate to prepare these financial statements on a going concern basis, the Trustee considered the strength of the current funding position and the protections of the regulatory environment in which Just operates.

2 IDENTIFICATION OF FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is:

Secretary to the Trustee
South East Water Pension Scheme
Hymans Robertson LLP
One London Wall
London
EC2Y 5EA
Email: southeastwater@hymans.co.uk

3 ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied during the year, are set out below.

3.1 Contributions

Deficit and expenses contributions are accounted for in accordance with the terms of the Schedule of Contributions. Additional contributions are accounted for on receipt.

3.2 Benefits

Pensions payable in respect of the Scheme year are accounted for by reference to the period to which they relate. Refunds and lump sums are accounted for by reference to the later of the date of retirement or leaving the Scheme, or the date the option is exercised.

3.3 Transfers

Transfer values to other pension arrangements are accounted for when the liability for any pension benefits in respect of a transferring member passes from the Scheme.

Notes to the financial statements for the year ended 31 March 2025 (continued)

3 ACCOUNTING POLICIES (continued)

3.4 Investment income

Interest on cash deposits, income from investment vehicles and annuity receipts are accounted for on an accrual basis.

3.5 Expenses

Expenses are accounted for on an accruals basis.

3.6 Key estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Trustee believes the only estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are related to the valuation of the Scheme's investments, in particular the valuation of the buy-in policies. Explanation of the key assumptions underpinning the valuation of investments are included within the Investment accounting policy below and in Note 10 on pages 21 to 22.

3.7 Investments

Quoted securities are valued at the bid market price at the close of business. The fair value of unit trusts and managed fund units is taken as the bid price at the accounting date as advised by the investment managers.

The Just insurance policies are allocated to the provision of pensions for all members of the Scheme. Income received from these policies is treated as investment income and the corresponding expenditure is included in Benefits within the pension payment account. The buy-in policies remain assets of the Scheme and are valued at the year-end using an "actuarial value" approach. This approach places a value on the policies based on the present value of the underlying pension cashflows. The valuation has been prepared by Just using their own best estimate assumptions. This is not expected to be the same as their pricing basis for new policies, nor is it expected to be the same pricing basis on which the policies were originally transacted.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

Investments in overseas currencies are translated into sterling at the exchange rates ruling at the year end.

Notes to the financial statements for the year ended 31 March 2025 (continued)**4 CONTRIBUTIONS**

	2025	2024
	£000	£000
Employer		
Deficit funding	4,847	4,603
Contributions to cover expenses	389	370
Additional contributions	1,806	1,705
	7,042	6,678

Deficit funding contributions of £4,847,034 (2024: £4,603,071) and expense contributions of £389,231 (2024: £369,640) were received as per the Schedule of Contributions. Deficit funding contributions are payable to 31 March 2025. The Principal Employer paid additional contributions into the Scheme during the year which amounted to £1,806,357 (2024: £1,705,034).

5 BENEFITS

	2025	2024
	£000	£000
Pensions	7,192	7,235
Commutations and lump sum retirement benefits	595	869
Death benefits	5	21
	7,792	8,125

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2025	2024
	£000	£000
Individual transfers to other schemes	-	89

7 ADMINISTRATIVE EXPENSES

	2025	2024
	£000	£000
Administration and actuarial	720	310
Audit fee	14	14
Legal and other professional fees	164	46
PPF levy	8	8
	906	378

Notes to the financial statements for the year ended 31 March 2025 (continued)**8 INVESTMENT INCOME**

	2025	2024
	£000	£000
PIV Income	1,583	3,045
Annuity income	2,179	335
Bank Interest	113	49
	3,875	3,429

9 TAX

The South East Water Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

10 INVESTMENT ASSETS**10.1 Investment Assets Reconciliation**

The movements in investments during the year were:

	<i>Opening value</i>	<i>Purchase cost</i>	<i>Sales proceeds</i>	<i>Change in market value</i>	<i>Closing value</i>
	£000	£000	£000	£000	£000
PIVs	126,953	221,395	(338,185)	(6,532)	3,631
Insurance policies	5,215	117,260	-	(16,965)	105,510
AVC investments	30	-	-	2	32
Total	132,198	338,655	(338,185)	(23,495)	109,173
Accrued interest	14				22
	132,212				109,195

The change in the market value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation in Note 10.1. Direct transaction costs are costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. For the year ended 31 March 2025 there were no such costs to disclose (2024: £nil). Indirect costs are incurred through the bid-offer spread on PIVs and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect costs and so these are not disclosed separately.

All fund managers operating the PIVs are registered in the United Kingdom

Notes to the financial statements for the year ended 31 March 2025 (continued)**10 INVESTMENT ASSETS (continued)****10.2 Insurance Policies**

	2025	2024
	£000	£000
Just annuity policies	105,510	5,215

The Trustee holds two buy-in annuity policies with Just Group Plc, which are allocated to the provision of pensions for all members of the Scheme. Income received from these policies is treated as investment income and the corresponding expenditure is included in benefits within the pension payment account. The buy-in policies remain assets of the Scheme and are valued by the insurer at the year-end using an “actuarial value” approach. This approach places a value on the policies based on the present value of the underlying pension cashflows.

Just has completed its valuation based on their own best estimate assumptions. This is not expected to be the same as their pricing basis for new policies, nor is it expected to be the same pricing basis that the policies were originally transacted on.

10.3 PIVs

	2025	2024
	£000	£000
Global Equity	-	7,802
Investment Grade Credit	-	43,806
Asset Backed Securities	-	18,849
Gilts – Liability Driven Investment (“LDI”) Funds	-	41,705
Liquidity Funds	3,534	14,692
Private Equity	97	99
	3,631	126,953

Notes to the financial statements for the year ended 31 March 2025 (continued)**10 INVESTMENT ASSETS (continued)****10.4 AVC Investments**

The Trustee holds assets invested separately from the main fund in the form of a managed fund/insurance policy. These secure additional benefits on a money purchase basis for those members who elected to pay AVCs. Members participating in this arrangement each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in the year.

	2025	2024
	£000	£000
Aviva	<u>32</u>	<u>30</u>

10.5 Concentration of Investments

The following investments account for more than 5% of the Scheme's net assets as at 31 March 2025 and 31 March 2024:

	2025		2024	
	£000	% of net assets	£000	% of net assets
Just Annuity Policies	105,510	95.2	-	-
IIFIG Global Asset Backed Security ("ABS") Fund Cls B	-	-	43,806	33.1
Legal & General Sterling Liquidity Fund	3,534	3.2	14,692	11.1
Legal & General 2037 Leveraged IndexLinked Gilt Fund	-	-	9,717	7.3
TwentyFour AM Monument Bond Fund	-	-	9,535	7.2
IIFIG Global ABS Fund Cls B GBP Income	-	-	9,315	7.0
LGIM RAFI Multi-Factor Climate Transition Fund	-	-	7,802	5.9
Legal & General 2030 Leveraged Index Linked Gilt Fund	-	-	7,116	5.4

Notes to the financial statements for the year ended 31 March 2025 (continued)**10 INVESTMENT ASSETS (continued)****10.6 Investments Fair Value Hierarchy**

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly;
Level 3	Inputs which are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Scheme's invested assets have been fair valued using the above hierarchy categories as follows:

As at 31 March 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
PIVs	3,534	-	97	3,631
Insurance policies	-	-	105,510	105,510
AVC investments	-	32	-	32
Accrued interest	22	-	-	22
	3,556	32	105,607	109,195

As at 31 March 2024	Restated Level 1 £000	Restated Level 2 £000	Level 3 £000	Total £000
PIVs	14,692	112,162	99	126,953
Insurance policy	-	-	5,215	5,215
AVC investments	-	30	-	30
Accrued interest	14	-	-	14
	14,706	112,192	5,314	132,212

Following the derisking of the investment portfolio over the year, the only remaining LGIM PIV is the liquidity fund. This has been recognised as Level 1 this year due to the relative ease of realising the stated value for the Scheme, being designed to manage cashflow demands, and to make it consistent with the disclosures for the MKGPS scheme. For the sake of comparison, we have restated the value of the liquidity fund as at 31 March 2024 as Level 1. Previously, the entire value of the PIVs (excluding the Schrodgers Private Equity fund which is classed as Level 3) was recognised as Level 2.

Notes to the financial statements for the year ended 31 March 2025 (continued)

10 INVESTMENT ASSETS (continued)

10.7 Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). These changes may be caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks via the investments held to implement the Scheme's investment strategy. The Trustee determines the investment strategy after taking advice from the investment adviser. The Trustee manages investment risks, including credit risk and market risk, considering the Scheme's investment objectives and the investment strategy and the advice of their investment adviser.

The Scheme invests primarily in sterling denominated PIVs. The Scheme therefore has direct credit risk to the PIV and indirect credit and market risks arising from the underlying investments of the PIVs. The Trustee selects the PIVs based on their investment mandates and monitor the PIV at the fund level. The investment managers are responsible for managing the underlying credit and market risks within the PIVs.

The Scheme's investment strategy has been disclosed within the Trustee's report.

Further information on the Trustee's approach to risk management is set out below. This does not include AVC investments, as these are not considered significant in relation to the overall investments of the Scheme.

Direct Credit risk

Direct credit risk arising from the PIVs is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and, the regulatory environments in which the pooled managers operate. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

All the PIVs are unrated. Cash is held within financial institutions which are at least investment grade credit rated. Insurance policies are held with Just. The Scheme has direct credit risk with Just arising from these contracts.

Notes to the financial statements for the year ended 31 March 2025 (continued)

10 INVESTMENT ASSETS (continued)

10.7 Investment Risks (continued)

Indirect credit and market risks

The table below summarises which PIVs have significant exposure to indirect credit and market risks.

2025				
	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Legal & General Investment Management Sterling Liquidity Fund	✓	-	✓	-
Schroder Private Equity Fund of Funds	-	✓	-	✓
2024				
Legal & General Investment Management LDI	✓	-	✓	✓
Legal & General Investment Management Sterling Liquidity Fund	✓	-	✓	-
Legal & General RAFI Multi- Factor Climate Transition Equity Index Fund	-	✓	-	✓
Insight Investment Global ABS Fund	✓	✓	✓	-
TwentyFour AM Monument Bond Fund	✓	✓	✓	-
Schroder Private Equity Fund of Funds	-	✓	-	✓
Insight Maturing Buy and Maintain Bond Fund 2026-2030	✓	✓	✓	✓
11 INVESTMENT MANAGEMENT EXPENSES				
		2025	2024	
		£000	£000	
Administration, management and custody		305	414	

Notes to the financial statements for the year ended 31 March 2025 (continued)**12 CURRENT ASSETS**

	2025	2024
	£000	£000
Deficit contributions due	404	383
Expense contributions due	32	31
Cash balances	2,067	603
	2,503	1,017

Contributions were paid in line with the Schedule of Contributions.

13 CURRENT LIABILITIES

	2025	2024
	£000	£000
Unpaid benefits	697	576
Accrued expenses	111	182
	808	758

14 RELATED PARTY TRANSACTIONS

One Trustee Director in office during the financial year was a pensioner member of the Scheme (2024: one). The pension payments for the pensioner Trustee Director are paid in accordance with the Scheme rules.

Two Trustee Directors in office during the financial year were deferred members of the Scheme (2024: two).

15 EMPLOYER RELATED INVESTMENTS

There were no employer related investments at 31 March 2025 (2024: £nil) or at any time during the year.

16 GMP

As noted in the Trustee's Report on page 6, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The Trustee is aware that the issue affects the Scheme and is well progressed in implementing changes to equalise the GMP benefits in the Scheme, which is expected to take place by February 2026. The impact on the Scheme is not expected to be material and has therefore not been recognised in the accounts.

In November 2020 a further judgement was passed down on the Lloyds Bank GMP equalisation case, requiring pension scheme trustees to investigate historic transfer payments since 17 May 1990 and check whether the payment would have been higher had the member's benefits been equalised for the effects of unequal male and female GMPs. In cases where payments would have been higher, trustees may have an obligation to make "top-up" payments. The Trustee will take advice on the matter as part of the larger project of implementing GMP equalisation, but the impact on the Scheme is not expected to be material and has therefore not been recognised in the accounts.

Section 6 – Independent Auditor’s Statement about Contributions

Independent Auditor’s Statement about Contributions to the Trustee of the South East Water Pension Scheme

We have examined the Summary of Contributions of the South East Water Pension Scheme payable in respect of the Scheme year ended 31 March 2025 to which this statement is attached.

In our opinion the contributions for the Scheme year ended 31 March 2025 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 1 July 2021 and 10 June 2024.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of trustee and auditor

As explained more fully in the Statement of Trustee’s Responsibilities, the scheme’s trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Scheme’s Trustee, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work on contributions has been undertaken so that we might state to the Scheme’s Trustee those matters we are required to state to them in such an auditor’s statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme’s Trustee, for our work on contributions, for this statement, or for the opinions we have formed.

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

COOPER PARRY GROUP LIMITED

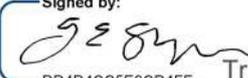
Statutory Auditor

Summary of Contributions payable in the year

During the year, the contributions payable to the Scheme were as follows:

	Employer £000
Required by the Schedules of Contributions	
Deficit funding	4,847
Contributions to cover expenses	389
Total per the Schedules of Contributions	5,236
Additional contributions	1,806
Total (as per Fund Account)	7,042

Signed for and on behalf of the Trustee of the South East Water Pension Scheme by:

Signed by:  Trustee Director
DD4DACC5E8CD4FF...

DocuSigned by:  Trustee Director
62E2D7FAEE9142F...

27 October 2025 Date

Section 7 – Schedule of Contributions

This schedule sets out the contributions that will be paid to the South East Water Pension Scheme ('the Scheme'). This schedule is dated 10 June 2024 and applies from 1 July 2024 until 1 July 2029. It replaces the previous schedule dated 18 June 2021.

This schedule has been prepared with the agreement of South East Water Ltd. ('the Employer') and after taking the advice of Shireen Anisuddin (the 'Scheme Actuary'). This schedule has been certified by the Scheme Actuary and the certificate is included in the appendix.

Member contributions

As a result of the Scheme closing to future accrual on 31 March 2015, no member contributions are due to be paid under this schedule.

Employer contributions for new benefits

The Scheme has no active members. No member contributions or Employer contributions for new benefits are due to be paid to the Scheme under this schedule.

Employer deficit reduction contributions

The 31 March 2023 actuarial valuation showed that the Scheme had a funding deficit relative to the Scheme's statutory funding objective. The Employer shall pay deficit reduction contributions at a rate of £4,847,034 per annum with effect from 1 July 2024 to 31 March 2025. Contributions shall increase in line with RPI inflation on 1 April each year, with reference to the increase in RPI over the 12 months to the preceding November.

For each year to 31 March, these payments shall be made in 12 equal instalments on a monthly basis. All contributions are due to be paid to the Scheme not later than 19 days after the end of the month to which they relate.

The contributions shall continue to be payable until 31 March 2025 regardless of any Technical Provisions surplus emerging in order to meet the long-term funding objective of being fully-funded on a buy-out basis by 31 March 2030.

The Employer shall also pay to the Scheme any additional contributions required from time-to-time on the advice of the Scheme Actuary as required from time-to-time under the Scheme's trust deed and rules. The Employer may also pay additional contributions from time-to-time as it chooses.

Expenses, levies, fees and insurance premiums

In addition to the above deficit reduction contributions, the Employer shall pay expense contributions to the Scheme of £389,231 per annum with effect from 1 July 2024 to 31 March 2025. These contributions will increase in line with RPI inflation on 1 April each year, with reference to the increase in RPI over the 12 months to the preceding November.

For each year to 31 March, these payments shall be made in 12 equal instalments on a monthly basis. Expense contributions shall be paid to the Scheme not later than 19 days after the end of the month to which they relate.

Schedule of Contributions (continued)**Expenses, levies, fees and insurance premiums (continued)**

These contributions are in respect of ongoing expenses, as they are incurred from time-to-time and (where applicable and not exclusively) includes the following:

- the Pension Protection Fund levy;
- the Pension Protection Fund administration levy;
- the Pension Regulator's general levy;
- fees payable to the Scheme's administrators, investment managers and other professional advisors;
- investment charges and expenses; and
- other Scheme expenses that are reasonably incurred in the course of the Trustee performing their duties.

Life insurance cover is not provided through the Scheme, instead by a separate Trust, with premiums payable directly by the Employer (not included in the expense contributions above).

Prepared by the Trustee of the Scheme

Signature: JOANNE STIMPSON on behalf of the Trustee

Print name: Joanne Stimpson

Position: Chair of Trustee

Date: 10 JUNE 2024

Agreed by the Employer

Signature: ANDREW FARMER on behalf of the Employer

Print name: Andrew Farmer

Position: CFO

Date: 10 JUNE 2024

Section 8 – Actuarial Certificate

Scheme: South East Water Pension Scheme

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 31 March 2023 can be expected to be met by the end of the period specified in the recovery plan dated 10 June 2024.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 10 June 2024.

Please note that the adequacy of contributions statement in this certificate relates to the Scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the Scheme were to wind up.

Signature: SHIREEN ANISUDDIN
Date: 10 JUNE 2024
Name: Shireen Anisuddin
Qualification: Fellow of the Institute and Faculty of Actuaries
Name of Employer: Hymans Robertson LLP
Address: One London Wall,
London,
EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

Section 9 – Implementation Statement

Statement of Compliance with the South East Water Pension Scheme’s Stewardship Policy for the year ending 31 March 2025

Introduction

The Trustee has prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and subsequent amending legislation, and with those of the Pensions Regulator’s General Code of Practice. It sets out how the Trustee has complied with the South East Water Pension Scheme’s Stewardship Policy as set out in the Statement of Investment Principles (“SIP”) (www.sewpensionscheme.co.uk/resources/statement-of-investment-principles-2024/) during the period 1 April 2024 to 31 March 2025.

Overall, the Trustee is satisfied that:

- The Scheme’s investments have been managed in accordance with the Scheme’s Stewardship Policy during the period;
- The Scheme’s investments have been managed in accordance with the Scheme’s SIP applicable at the relevant time; and
- The provisions of the SIP remain suitable for the Scheme’s members.

SIP

The SIP sets out the principles and practices the Trustee follow when governing the Scheme’s investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustee’s approach to responsible investing (including climate change).

The Trustee reviewed and updated the SIP on 16 December 2024. The main update was to reflect the execution of a full Scheme buy-in with Just Group Plc (“Just”) in December 2024. This transition secured all member benefits, transferring key investment and longevity risks to the insurer. As a result, the Scheme’s investment strategy was significantly simplified, with the remaining assets held in the Trustee bank account and in a low-risk cash fund to cover expenses and contingencies. Other updates include removing references to legacy investment mandates and acknowledging the limited scope for stewardship and engagement under the new arrangements. The next review is scheduled to take place at the Q4 2025 Trustee meeting.

The Trustee has prepared this Implementation Statement on the basis of the SIP in force at 31 March 2025, as well as the SIP, which was in place between 1 April 2024 and 16 December 2024, with reporting within this document in line with the SIP applicable at the relevant time.

Investment Governance

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustee has overall responsibility for how the Scheme’s investments are governed and managed, in accordance with the Scheme’s Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

The Trustee previously established an Investment Sub-Committee, which focused on investment issues and makes recommendations to the full Trustee Board. This was disbanded in February 2025 following the full Scheme buy-in.

For the residual Scheme assets not covered by the buy-in, the Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the investment manager.

Implementation Statement (continued)

Investment Governance (continued)

The Trustee has set objectives for the Scheme's investment adviser designed to align with the Trustee's own objectives and investment strategy set out in the SIP. The Trustee has set the following objectives for the adviser:

- Delivery of the Scheme's long-term funding objective
- Delivery of the Scheme's investment objectives is supported by an effective governance framework
- Comply with pension regulations, legislation and supporting guidance relating to investments

The suitability of these objectives was last reviewed by the Trustee on 4 November 2024 and is scheduled for review no later than November 2027.

The Trustee has carried out an evidence-based review of the investment adviser's performance against these objectives on 4 November 2024. This involved rating the adviser against the different objectives. The Trustee were satisfied that the objectives had been achieved for the year.

The Trustee has undertaken training during the last year to ensure that their knowledge of investment matters remains up to date.

While the Trustee no longer directly manages most of the Scheme's assets, it recognises that the Scheme still faces investment risks. These risks are described in the SIP on page 2. The Trustee monitors risks on a regular basis and is satisfied that the level of risk faced by the Scheme remains appropriate.

The Scheme has conflicts of interest policies in place covering its service providers, including asset managers and the Insurer party to the Scheme's buy-in contract. The Trustee formally ask managers and the insurer to confirm any conflicts of interest when the Trustee meets with them. Neither the managers or insurer have disclosed any potential or actual conflict over the period to their best knowledge.

Stewardship Policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee's approach to undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Scheme Stewardship Policy can be found within the Scheme's SIP on page 3.

The Stewardship Policy is reviewed on an annual basis in line with the Scheme's SIP review which was last completed on 16 December 2024. The following changes were made to the Stewardship Policy during the scheme year, to reflect that the Scheme is now predominantly invested in an insurer buy-in, with limited scope for engagement or voting activity:

- References to active stewardship by investment managers have been removed or significantly reduced.
- The Trustee's focus has shifted to monitoring the insurer's service, including solvency and environmental, social and governance ("ESG") considerations where appropriate.
- The updated policy acknowledges and accepts the limited stewardship role under the new investment structure.

The Trustee developed and implemented a Responsible Investment ("RI") policy in the form of RI beliefs, with effect from December 2022. These were reviewed periodically to ensure they evolved in line with industry practice and remained appropriate for the Scheme. No notable changes were made to the Policy during the last review on 5 August 2024. Following the full Scheme buy-in, this Policy was retired in February 2025.

In line with the SIP which was in place between 1 April 2024 and 16 December 2024, the Trustee delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers over the period.

Implementation Statement (continued)

Stewardship Policy (continued)

The Trustee’s own engagement activity is focused on its dialogue with its investment managers undertaken in conjunction with their investment advisers. The Trustee meets regularly to consider managers’ exercise of their stewardship and through reporting provided by their investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that they have complied with the Scheme’s Stewardship Policy over the last year.

Voting activity

As the Trustee entered into a full buy-in transaction in December 2024, it no longer manages the assets transferred to the Insurer at that date and therefore no longer directly exercises any voting rights attached to these assets.

Over the 12 months to 31 March 2025, the Scheme invested in equity markets through one mandate, the Legal & General RAFI Multi Factor Climate Transition Equity Index Fund. This mandate was fully disinvested on 23 May 2024.

The Scheme’s former equity manager has reported on how votes were cast as set out below. The reported information is based on full disclosure by the investment manager, Legal & General Investment Management (“LGIM”). The manager has been unable to provide a breakdown into type of issue, including environmental, social and governance issues, for this statement. The Trustee does not believe that any information is missing.

Table 1: Legal & General RAFI Multi Factor Climate Transition Equity Index Fund voting data

Legal & General RAFI Multi Factor Climate Transition Equity Index Fund	
Proportion of Scheme assets as at 31 March 2025	Fully disinvested 23 May 2024
Did the manager employ the house voting policy in managing the fund?	Yes
Was use made of any proxy voting service during the year?	Yes – LGIM uses Institutional Shareholder Services’ (ISS) electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM.
No. of holdings in the fund at year end	674
No. of meetings eligible to vote at during the year	678
No. of resolutions eligible to vote on during the year	9,861
% of resolutions voted	99.7%
% of resolutions voted with management	77.8%
% of resolutions voted against management	21.7%
% of resolutions abstained	0.6%
% of meetings with at least one vote against management	79.5%

Source: Legal & General Investment Management.

*The voting data covers the period 1 April 2024 to 31 March 2025. The mandate was fully disinvested on 23 May 2024. Numbers may not sum to 100% due to rounding differences.

Implementation Statement (continued)

Significant votes

The Trustee has asked LGIM to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. LGIM was asked to explain the reasons why votes were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. The majority of public companies hold their Annual General Meeting (“AGM”) during the second quarter of each year. The most significant votes undertaken on behalf of the Trustee are outlined in the Appendix.

Engagement activity

In December 2024, the Trustee entered into a full scheme buy-in transaction and it no longer manages the assets transferred to the insurer as a result.

Prior to the full scheme buy-in, the Trustee held meetings with their investment managers on a regular basis where stewardship issues were discussed in further detail. Over the 12 month period, the Trustee has met with 2 of the Scheme’s managers (LGIM and Insight). The Trustee discussed the following issues over the course of the year.

Table 2: Trustee’s engagement activity with investment managers over the year to 31 March 2025

Date	Fund manager	Subject discussed	Outcome
13 May 2024	LGIM	<ul style="list-style-type: none"> • Refresher on the Scheme’s LDI portfolio, following the recent ESA implementation in April 2024. • ESG integration within the LDI portfolio. • Engagement with counterparties on ESG and financial risks (e.g., Danske Bank, Credit Suisse). • Engagement with policymakers (e.g., TPR consultations). • Diversity, equity and inclusion (“DE&I”) initiatives and ESG scoring transparency. • Exposure to geopolitical conflicts (e.g. Israel / Palestine). 	<p>The ISC noted significant improvement in LGIM’s ESG and DE&I initiatives compared to previous years. They appreciated the transparency around ESG scoring and engagement examples. The presentation was well received, and the ISC acknowledged LGIM’s progress.</p>
5 August 2024	Insight	<ul style="list-style-type: none"> • Performance and composition of the Global ABS and Buy & Maintain funds. • Staff changes and team resourcing in the ABS team. • Climate data availability challenges in ABS markets. • ESG integration in corporate bonds, including engagement with high-emitting companies (e.g., ESB Group). • DE&I practices and social mobility initiatives. 	<p>The ISC were satisfied with Insight’s presentation and particularly impressed by their knowledge of high-emitting companies in the portfolio. They appreciated the transparency on ESG engagement and DE&I efforts.</p>

Implementation Statement (continued)

Summary of manager engagement activity

The following table summarises the key engagement activity for the 12-month period ending 31 March 2025 unless stated otherwise. Where fund specific data is not available, data on a firmwide level has been used.

Table 3: Summary of management activity

Manager: Fund	Number of engagements	Topic engaged on
Legal & General: RAFI Multi Factor Climate Transition Fund	In addition to the voting activity, there were 297 engagements within the fund for the period 1 April 2024 to 23 May 2024 (date of disinvestment).	At a strategy level, most frequently engaged topics (listed ordinally, starting with most frequently engaged) includes: Climate Impact Pledge; Capital Management; Remuneration; Mergers and Acquisitions; Corporate Strategy; Climate Change; Gender Diversity; Income Inequality; Nominations and Succession; Regulation; Nutrition; Climate Accounting; Antimicrobial Resistance.
Insight: Global ABS	No voting rights for the Fund. 60 engagements with issuers, 939 at a firmwide level, for the period 1 April 2024 to 31 March 2025. Note, the mandate was fully disinvested on 27 August 2024.	At a firmwide level, most frequently engaged topics (listed ordinally, starting with most frequently engaged) includes: Strategy/purpose; Financial performance; Reporting; Capital allocation; Climate change; Risk management; Natural resources; Shareholder rights; Human and labour rights; Board effectiveness; Human capital management; Conduct, culture and ethics; Remuneration; Pollution, Waste; Inequality; Public health; Antimicrobial Resistance.
Insight: Maturing Buy & Maintain 2026-2030	No voting rights for the Fund. 125 engagements with 78 entities, for the period 1 April 2024 to 31 March 2025. Note, the mandate was fully disinvested on 17 December 2024.	At a strategy level, most frequently engaged topics (listed ordinally, starting with most frequently engaged) includes: Strategy/purpose; Financial performance; Climate change; Reporting; Capital allocation; Risk management; Natural resource use/impact; Human and labour rights; Other; Shareholder rights; Human capital management; Independence or Oversight; Conduct, culture and ethics; Pollution, Waste; Remuneration; Inequality.
TwentyFour: Monument Bond	No voting rights. 230 engagements with the originators and servicers of the loan pools within the Monument Bond Fund, for the 12-month period to 31 March 2025. Note, the mandate was fully disinvested on 23 August 2024.	Engagements are split into Environmental (18), Social (13), Governance (12), and Borrower Meeting (187). Borrower meetings are wide ranging discussions that usually tend to cover governance issues. Engagement topic examples include: net zero commitments, natural disaster aid, carbon emissions policies, ESG strategies.

Source: Investment managers.

Implementation Statement (continued)

Review of policies

As the Trustee has entered into a full Scheme buy-in transaction in December 2024, it no longer manages the assets transferred to the Insurer and therefore no longer directly exercises any voting rights attached to these assets.

A review of the Insurer's RI policies was conducted as part of the due diligence performed ahead of the transaction taking place.

While the Trustee no longer has the ability to directly engage with investment managers on stewardship matters in relation to these assets, it monitors the Insurer's RI policies on a regular basis as part of the Scheme's procedures to hold service providers to account. The last review was undertaken by the Trustee on 13 May 2024.

The Trustee also reviewed the RI policy of its primary remaining investment manager, LGIM, who manages the Scheme's residual assets in a low-risk cash fund.

The Trustee and their Investment Adviser remain satisfied that the RI policies remain suitable for the Scheme.

Appendix - LGIM significant votes for the year to 31 March 2025

Table 4: Legal & General RAFI Multi Factor Climate Transition Equity Index Fund significant votes

Date	Company	% of Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Lessons Learnt
09/04/24	The Bank of New York Mellon	0.2	Resolution 4 - Report on Lobbying Payments and Policy (Governance)	LGIM voted for the resolution as they expect companies to provide sufficient disclosure on such contributions.	LGIM consider this shareholder resolution significant due to the high level of support received.	
18/04/24	Nestle SA	0.4	Resolution 7: Report on Non-Financial Matters Regarding Sales of Healthy Foods (Social)	LGIM voted for the resolution as they call for more effective targets to increase the availability of healthier food choices for consumers.	LGIM highlight nutrition as being an important topic for investors due to the impact on the health and well-being of individuals, communities and societies.	LGIM will continue to engage with their investee companies and publicly advocate their position on these issues.
24/04/24	The Goldman Sachs Group	0.3	Resolution 8: Report on Clean Energy Supply Financing Ratio (Environment)	LGIM voted for the resolution as they expect companies to be undertaking appropriate analysis and reporting on climate change matters, as they consider this issue to be a material risk to companies.	LGIM is aware of the important role banks and financial institutions have to play in shifting financing away from 'brown' to funding the transition to 'green'.	
25/04/24	London Stock Exchange Group	0.2	Resolution 4: Approve Remuneration Policy (Governance)	LGIM voted for the resolution in recognition of the concerned party's leadership in driving the company's performance, acknowledging the competitive talent market.	LGIM overrode their custom vote policy on this topic, on the basis of the engagement that they had with the company.	

South East Water Pension Scheme

Date	Company	% of Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Lessons Learnt
26/04/24	Canadian National Railway Company	0.3	Resolution 6: Management Advisory Vote on Climate Change (Environment)	LGIM voted for the resolution as they expect companies to introduce credible transition plans, consistent with the Paris goals.	LGIM votes on this topic have a high profile nature, due to their public support of so called "Say on Climate" votes.	
30/04/24	Wells Fargo	0.3	Resolution 7: Commission Third Party Assessment on Freedom of Association and Collective Bargaining Rights (Social)	LGIM voted for the resolution as they support proposals that are set to improve human rights standards and employee policies.	LGIM consider this shareholder resolution significant due to the high level of support received.	LGIM will continue to engage with their investee companies and publicly advocate their position on these issues.
01/05/24	Unilever	0.3	Resolution 4: Approve Climate Transition Action Plan (Environment)	LGIM voted for the resolution as the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets, are what they expect at a minimum.	LGIM votes on this topic have a high profile nature, due to their public support of so called "Say on Climate" votes.	
06/05/24	Eli Lilly	3.6	Resolution 1c: Elect Director Jamere Jackson (Governance)	LGIM voted against the resolution as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	LGIM stress the significance of this vote as an application of their vote policy on the topic of the combination of the board chair and CEO.	

South East Water Pension Scheme

Date	Company	% of Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Lessons Learnt
15/05/24	Vertex Pharmaceuticals	0.6	Resolution 4: Reduce Ownership Threshold for Shareholders to Call Special Meeting (Governance)	LGIM voted for the resolution as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold.	LGIM consider this shareholder resolution significant due to the high level of support received.	LGIM will continue to engage with their investee companies and publicly advocate their position on these issues.
22/05/24	McDonalds	0.4	Resolution 6: Adopt Antibiotics Policy (Social)	LGIM voted for the resolution as the phasing out of medically important antibiotics for disease prevention will contribute to stemming the rise of Antimicrobial Resistance.	LGIM's Health Policy states their expectation that companies within the restaurant/out-of-home sector require all their meat suppliers to comply with the WHO guidelines.	

Source: Legal & General Investment Management.