

Chief Executive Officer's statement



Ian Cain
Chief Executive Officer

Q&A with Ian Cain



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Ian joined SES Water in February 2020 and we hear about his first year in the job, the response to the pandemic and his priorities for the future.

Looking back over your first 12 months as CEO, what have been the Company's biggest achievements during a particularly challenging year?

The last year has been like no other. For me it has highlighted the unwavering commitment that all our staff have to our customers. SES Water has a long history and deep roots in the community, and our response to the pandemic has made them even stronger. We've played an active part in the local response through donations to the Surrey Coronavirus Response Fund, helping to set up the new NHS Headley Court Hospital and through our work with local foodbanks and other worthy causes. This is in addition to the extra support we have put in place for our customers and employees during this difficult period.

At the same time, we've made good progress against some very challenging targets set in our Business Plan. We have stayed at or below the maximum allowed level of leakage and we continue to have one of the lowest leakage levels in the country. The number of burst water mains is also within our target, meaning we are providing a more resilient supply for our customers. We are benefitting from our investment in intelligent networks which is helping us to take a more accurate data-led approach to finding and fixing leaks rather than using more traditional methods. This is industry leading work and will deliver real benefits to customers and transform how we operate and invest in our network, so it is more efficient and reliable.

We've also made some real improvements to our customer service which can be seen through the increase in our C-MeX score, which is one of the ways in which water companies' service is measured across the industry. Again, we've taken a data-led approach to understand the root cause of problems and are collaborating across the business to solve them – with everyone across SES Water determined to keep improving and committed to delivering great service.

What has the Company done to support its customers and employees through the pandemic?

We acted very quickly to make sure our people were physically safe by stopping all non-essential activity and travel and enabling people to work from home. Over time we've moderated our approach as we've learned more and provided equipment so people can work safely while abiding by the Government's guidelines. The longer-term issue is the impact on people's wellbeing. Lack of contact and interaction with colleagues can be isolating and we have been making sure people feel connected and are supported. We've increased the number of Mental Health First Aiders who run virtual coffee and chat sessions as well as one-to-one support and we have also provided our employees with free access to the Headspace app, a mindfulness tool, which has been really popular.

We know different people will deal with this situation in different ways, but we have a responsibility to all our employees and are enhancing our long-term wellbeing strategy so good mental health is supported alongside good physical health and safety, well beyond the pandemic.

Likewise, we know that our customers have been impacted in many different ways. We're helping more people than ever to pay their water bill and providing payment holidays to more than 10,000 people struggling financially. We've also been proactively reaching out to find those who have other challenges, perhaps linked to their age or health, so we can provide them with extra tailored support as and when they need it – both now and in the future. The response to this has been fantastic with many customers telling us that we have been the only service provider to get in touch personally – I have listened to calls with customers myself and you can hear the relief and gratitude when we are able to take one of their many worries away.

How have you performed against your Business Plan targets in this first year of the period? Are there any that have been particularly impacted by the pandemic and what are you doing to address them?

The first year of our 2020 to 2025 Business Plan was always going to be a challenging one, even without the pandemic. We have worked hard to make progress against our targets, particularly those associated with providing additional support to customers and it's great to see that our customers feel that what we offer is really helping them, particularly during these difficult times.

Our environmental performance is also strong. We have continued to achieve our target for greenhouse gas emissions but, unfortunately, we have missed our target for water supply interruptions, which is unusual, due to a single large water main burst last summer, which impacted customers for more than three hours. Likewise, despite continuing to supply some of the highest-quality water in the country, we have fallen short of our challenging targets for water quality, as well as taste, smell and appearance concerns. This is obviously disappointing but for both areas we know we are still among the top performers in the industry.

The target that has been hardest hit by the pandemic is our commitment to reduce household consumption. We, along with the entire sector, have seen water use at home rise considerably as a result of the lockdowns. This is inevitable and understandable with more people staying at home and children unable to go to school. However, if the shift to home working continues beyond the pandemic – reducing water use by businesses but increasing use at home – it will make achieving our target very difficult over the coming four years. We're working closely with colleagues in the industry and our regulators to understand the impact of this unprecedented situation and what it means in the long term.

We also believe that measuring household consumption in isolation does not provide a representative picture of how efficiently water is being used. The industry has been lobbying strongly to encourage the Government to include a target within the pending Environment Bill that considers wider water use by homes, businesses and what is lost through leakage – so that everyone recognises the part they have to play in protecting this precious resource and can take appropriate action.

Supporting our community – we connected the water supply at NHS Headley Court Hospital Surrey and our 'SES Army' of volunteers helped construct over 200 patient beds to provide much needed extra capacity.



Chief Executive Officer's statement

Continued



There has been lots of focus on the water sector's role in delivering environmental improvements. What part will SES Water play in this?

Protecting and enhancing the environment is a pledge within our Business Plan and a long-term necessity because we are reliant on the chalk aquifer beneath the North Downs and a number of local rivers for the water we supply. We are working with our neighbouring water companies to understand how we can use these chalk sources more sustainably and to identify alternative sources where needed so we have resilient water supplies for the future.

However, our role extends far beyond our obligation to produce clean and plentiful water while minimising environmental impact. There is a huge opportunity to create more public value by looking at how we interact with the environment around us and where our contribution can deliver

wider benefits. We've done some great work this year becoming the only water company to currently hold The Wildlife Trusts' Biodiversity Benchmark (at our Elmer Treatment Works), demonstrating our commitment to making our sites more attractive to plants and animals and the ability for operational activity to work alongside biodiversity.

As well as continuing with our trial of electric fleet vehicles, we have taken another step forward with our company car scheme which now sees all qualifying employees provided with electric vehicles or plug-in hybrids when they either join the scheme for the first time or when their vehicle is replaced. Employees are also being provided with home-charging facilities and all of our manned treatment works and Redhill head office now have charging points in place.

Stepping up to the challenge – our frontline teams have worked tirelessly to maintain our customers' supply of water, often in demanding environments.

Helping to guide our long-term environmental strategy is our Environmental Scrutiny Panel (ESP) which we formed in April last year and is a group of experienced and passionate environmental champions who want to see us put environmental sustainability at the heart of our decision-making. They are working with us in a unique way – providing insight and guidance alongside independent challenge and scrutiny. Their contribution to date has been extremely valuable and I look forward to working closely with them as our plans progress. You can read more from the Chair Alison Thompson on page 46.

You have recently added new members to your executive leadership team – how will their experience help to achieve the Company's goals?

I have introduced two new senior roles this year – Kate Thornton who joined us as Chief Customer Officer with experience in airlines and health insurance, and John Gilbert who previously worked at National Grid and is our Chief Information Officer. They have improved the strength and breadth of the leadership team, providing more knowledge, experience, leadership capability and strategic awareness.

An essential service – as key workers our role to maintain a reliable supply of the highest-quality water to our customers has never been more important than over the last year.



In the short-term this is enabling us to focus on how we deliver our five-year operational and financial Business Plan in the most efficient and effective way possible and prioritising what we do with the funding we have. They are also key to developing our long-term vision and building a bridge to the next Business Plan and beyond. Our future plans need to be set in a long-term context, so we address the challenges we face and make the most of the opportunities that arise.

The pandemic has sharpened our focus on the need to improve our digital infrastructure. John brings a huge amount of IT experience and capability so that we can simplify our systems and enhance our digital offering so that we deliver a seamless service – making the most of new technology. His immediate focus has also been on improving our approach to data gathering and storage so we can make much more informed business decisions based on real insight. Kate's experience of working in customer-facing, commercial markets where people have choice will help us understand how customers think and feel, and improve how we engage with them, so we deliver a great experience every time. What is critical is that as a senior team we enable the whole organisation to make this happen, so strong leadership and communication are essential.

After a year in the job, what is your assessment of the culture within the Company? Are there any aspects that you think need to change?

SES Water has a strong history and heritage. It has a positive culture and one where people care deeply about providing customers with a great service – our people's response to the pandemic has really shown this at its best. It is also very evident that people take care of each other, which is incredibly important. I want to build on that so that when we talk about a culture focused on customers, we understand what that means and are being more progressive in our approach. Everyone needs to understand their role in supporting and serving each individual customer. Furthermore, we need to demonstrate we are a high-performing organisation

and modernise ourselves, so we work smarter and always strive to do better.

What are your key priorities for the year ahead?

Firstly, to make sure that we are clear on how we will deliver our Business Plan commitments for the remaining four years of the period, including those that have been challenged by the pandemic.

In parallel, we will be developing a long-term strategy that is led by our renewed purpose so that it informs our next Business Plan for 2025 and beyond. We need to do things now that will support that plan and delivery of our long-term vision.

We are also going to do more to develop our people and continue to support them through and out of the pandemic while continuing to transform the service we deliver to our customers. We will also continue our intelligence-led approach to managing our assets and work collaboratively within the business and outside to drive innovation that will improve our service.

Finally, we are going to identify where we can deliver wider benefits that our local communities want and value, so we continue to play an active role in improving the lives of the people we are privileged to serve.

Ian Cain
Chief Executive Officer

2 July 2021