

# A successful local company



We are setting new standards for the industry in areas that are important to our customers.

Anthony Ferrar  
Managing director



The Company can trace its origins back to the mid-19<sup>th</sup> century, when Victorian engineers began to supply water directly to people's homes. We take pride in being a local company with a long heritage and our customers have told us that they value their water being supplied by a small company whose employees have comprehensive knowledge of our supply area. Our size has never held us back – we have a modern outlook to be ready to meet future challenges and we make the most of new opportunities too. In many areas that are important to our customers, such as burst mains and leakage, we are setting new standards for the industry.

The scale and complexity of supplying 160 million litres of drinking water every single day to 712,000 customers is achieved by focusing on frontline delivery which can only be realised with the help of our core support functions. It is a structure we have had for a number of years which has enabled us to meet our customers' increasing expectations and strive forward towards our vision.

## Our vision

To be an outstanding water company that delivers service excellence.



INVESTORS IN PEOPLE | Accredited  
Until 2020

Our Investors in People gold award is a big achievement which recognises the enduring effort that goes into making SES Water a better place to work.



The Institute of Customer Service  
MEMBER

We want the most satisfied customers in the country and our membership will help us get there.



The Prince's Responsible Business Network

This year we have joined BITC, demonstrating our commitment to doing the right thing in the areas we serve.

## Our values

Our values define who we are, guide our behaviours and underpin everything we do.

Compassion



Service

Collaboration



Commitment

Integrity



Innovation

**Did you know?**

Our network is made up of **eight water treatment works, 24 pumping stations and 3,500 kilometres of pipes**



To read more on our performance see page 22

**Our structure allows us to focus on delivering our two frontline services - wholesale and retail - while keeping our core support functions together and an independent focus on water quality and compliance.**



**Retail services**

**Dan Lamb**  
Head of retail services

**Responsible for customer service - including billing, cash collection and answering customer queries.**

**Key functions**  
Household account management and billing.



**Wholesale services**

**Tom Kelly**  
Wholesale director

**Responsible for the delivery of water from source to tap - including maintaining a sufficient water supply and reducing leakage.**

**Key functions**  
Water resources planning and management, water treatment and distribution, capital programme and liaison with business retailers and developers.



**Business support and control**

**Paul Kerr**  
Finance and regulation director

**Responsible for support functions, corporate governance and ensuring adherence with statutory and regulatory requirements.**

**Key functions**  
Finance, HR, economic regulation, IT, communications, procurement, administration, property and facilities.



**Quality and compliance**

**Nicola Houlahan**  
Quality and compliance director

**Responsible for water quality, the externally accredited quality and environment systems and provides independent internal assurance and compliance, including on health and safety.**

**Key functions**  
Water quality, health and safety, quality assurance, environmental regulations, risk management and compliance.



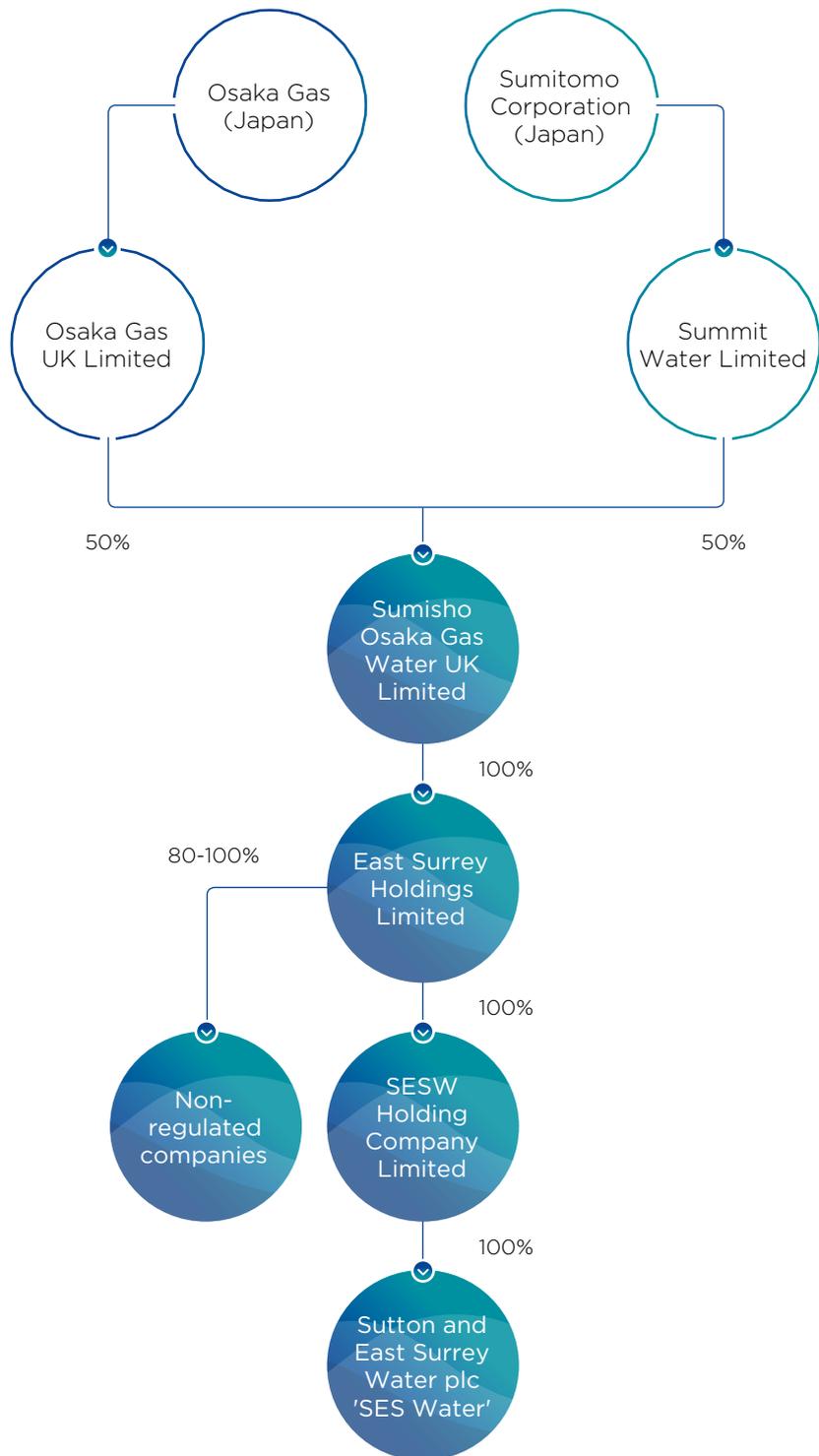
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# Our transparent group structure

**We are jointly owned by the major Japanese businesses, Sumitomo Corporation and Osaka Gas. Each has a 50% stake in the UK-based holding company Sumisho Osaka Gas Water UK Ltd.**

Our immediate parent company is SESW Holding Company Limited, established at the time that the Company's £100 million index-linked bond was issued in March 2001 to protect the interests of bond holders by exercising control over distributions.

Except where indicated with (Japan), all companies within this structure are subject to UK corporation tax.



## Private ownership

**Investing in water services is key to ensuring resilient supplies for customers, both now and in the future and since privatisation in 1989, £150 billion has been invested across the industry.**

We have responsible shareholders who put the interests of our customers first. An example of their commitment is the money they have put into our Water Support Scheme which provides a bill discount to those in eligible circumstances. This has enabled us to significantly increase the number of people benefitting by bridging the gap from the supplement that other customers pay.

In October 2018 our shareholders also invested a further £36 million so we could repay our long-term £30 million bank loan to enable us to lower our gearing.

Like any investors they expect a return on the equity they put in and over time they have taken a fair level of dividend, allowing more money to be reinvested.

In the spotlight

# Achieving a key milestone

In September 2018 we submitted our Business Plan for 2020 to 2025 to Ofwat which is built on strong foundations and developed in partnership with our customers.

Our independent non-executive directors remain the largest single group on the Board and provide targeted challenge and support to management in the areas of their particular personal expertise. They played a key governing role in the creation of our plan, which was the culmination of a two-year process.



The Board has a systematic governance process in place that has enabled it to challenge and satisfy itself that the Business Plan is deliverable and provides the best outcomes for customers at an affordable price. As the senior independent non-executive director and chair of the Audit Committee I have been particularly involved in the external assurance of the plan which was provided by external parties who reviewed the technical and financial aspects of our submission. The Committee also played an active role in reviewing the risks associated with the plan and the corresponding mitigations, as well as assuring that the Company will remain financially resilient in the long-term.

**Murray Legg**



SES Water has a strong track record of planning and investing for the long-term and this has provided the bedrock of solid performance over many years. In developing the plan, employees carried out the most comprehensive assessment into the risks we face to date which covered all areas of the business – operational, corporate and financial. I was involved in this work and was impressed with the commitment I saw to ensuring that the Company is able to deliver a service that is not only fit for now but ready for the future too.

**Dave Shemmans**



To ensure the plan delivers more of what matters to customers, the starting point was a high-quality programme of engagement to fully understand their views which provided the insight used to develop the pledges in the plan. I reviewed the activity at each stage of the process and was able to call on experts in my own teams who endorsed the innovative techniques used and the robustness of results. I also attended two meetings of the independent Customer Scrutiny Panel who agreed that the Company carried out comprehensive engagement with customers which strongly influenced the plan.

**Jon Woods**

