

Chair's letter



Gill Rider

Group Chair

In my last letter as Chair, I want to thank our 4,000 employees that live and work in the communities we serve. They continue to work tirelessly to deliver a water system that everyone can be proud of. Our responsibility goes beyond pipes, treatment works and reservoirs; it's about ensuring the natural rivers and 860 miles of coastline continue to thrive and to make our waters the benchmark for quality. It's also about ensuring that customers have a clean and plentiful supply of water. From apprentices to graduates, data scientists to lab technicians, environmentalists, engineers and customer service teams, everyone who works at Pennon shares the same ambition.

Today we are investing more than ever to improve our assets, in new and innovative ways, both nature first and future proof, building resilience in the face of a changing climate and population growth. It's no longer acceptable to build more concrete, or complex infrastructures, that have long term environmental impacts. From using reed beds to smart ponds and smart water butts, we want to protect the planet and use less. Our investment in Pennon Power will support our commitment to ensuring 50% of our energy needs come from renewable sources as part of our Net Zero ambitions.

In 2022, the South West experienced one of the driest years on record, with reservoirs hitting their lowest ever levels as we worked to protect both river health and ensure a continuous supply of clean drinking water to our customers. We moved quickly, innovating to repurpose ex quarries and mines to store water across Devon and Cornwall. Together with this, and by



You can read more on how we are engaging with our stakeholders in our Section 172(1) statement on page 128.

“We’re doing this, for a water system that everyone can be proud of”

investing in desalination, we will continue to use innovative techniques to re-use what we have and break the cycle of drought.

Whilst 2022 was one of the driest, 2023 will be known for being one of the wettest. Whilst good for water resources, this has triggered more use of storm overflows and more pollution incidents than any of us agree is right. If we could go back to the Victorian era when the UK's infrastructure was built, we would make significant changes, and the design is the same the world over. What does set us apart from the rest of the world, is the monitoring. As one of the first water companies to achieve 100% monitoring, we will use the data and information to target our efforts to fix this.

We know this will take time and we can fix this, because 30 years ago, half of our sewage in the South West did go directly untreated into the sea. In a journey starting in the 1990s with Clean Sweep, and a £13 billion investment, we created a legacy of wastewater services, and a first for the South West. The result is that we now have some of the best bathing water quality in the UK, up from c.29% in the 90s to 100% for the last three years running. Whilst excellent in between May and September, (when bathing water quality is monitored) it's clear we need to go further, ensuring excellent water all year round. We do need to reduce the use of storm overflows.

Post 2025 and as part of a wider £2.8 billion investment plan across the Greater South West, our plans will also support 2,200 jobs directly and in the supply chain. It's a plan grounded in extensive customer research, and the Board and I met regularly with the independent Chair and deputy Chair of the Watershare+ panel who led the engagement. We also received feedback from our 90,000 customers who are shareholders through our WaterShare+ scheme. We're pleased this plan received strong support from customers, stakeholders and our shareholders – to invest more in the region, and we believe it's also aligned with Ofwat's objectives.

At the same time, the Board has committed to extend our zero-water poverty pledge to 2030, with a £200 million support package, as we find new ways to help our customers to save money. From our “Stop the Drop” to “Water is Precious” campaigns and innovative tariffs, we are helping customers to save water, save money and change how we all use water.

That same care for customer service is being demonstrated in the growth of our non-household retail businesses Pennon Water Services and Water2Business. And with the acquisition of SES Water earlier this year, and our continued focus on the local delivery of local services, the Board are pleased to be able to enhance SES Water's ongoing financial resilience to better deliver for customers and stakeholders and demonstrate our ongoing commitment to the UK Water Sector.

Finally, I want to extend my thanks to our Board, our CEO Susan and her executive team for their support. I am grateful to have worked alongside such a talented and dedicated team over many years and I look forward to continuing my relationship with Pennon as a customer.

Gill Rider

20th May 2024