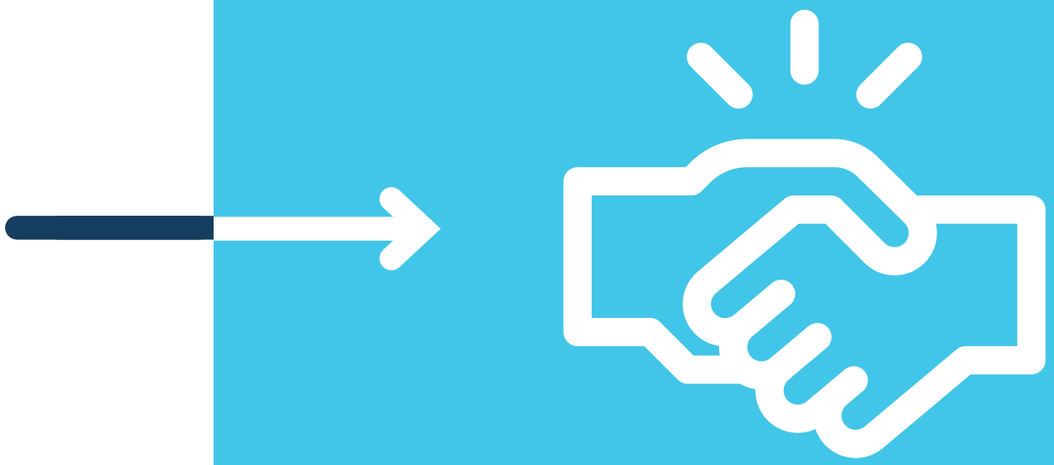
SIMPLIFY
REUSE
DELIGHT

INTRODUCTION

OUR VISION IS TO SIMPLIFY THE ENERGY MARKET

OUR VISION
"We believe in radically simplifying the Energy Market through maintaining and leveraging industry assets for the benefit of all."



We will deliver this vision through six strategic objectives:

– Customer Centric
– Data Driven
– Change Leading
– Operationally Excellent
– People Powered
– Responsible Business

STRATEGIC REVIEW

At a Glance 4
Chairman's Statement 6
Chief Executive Officer's Statement 7
Our Strategy 8
Customer Promise 10
Strategic Objective 12
— Customer Centric 12
— Data Driven 14
— Change Leading 16
— Operationally Excellent 18
— People Powered 20
— Responsible Business 22
Financial Summary 28
Corporate Social Responsibility 31

GOVERNANCE OVERVIEW

Board of Directors 32
Executive Team 33
Governance Overview 34

AT A GLANCE

ADDING VALUE THROUGH DATA

As the Central Data Service Provider we are central to Britain's Commercial Gas Market.

WHO WE ARE

Founded in 2005, Xoserve is central to Britain's commercial gas market. We are funded, governed and owned by our customers. Our Board is made up of eight customer-nominated Directors and an independent Chair. Operating at the heart of the gas industry, Xoserve offers a single consistent point of service for the whole gas market.

WHAT WE DO

As the gas industry's Central Data Service Provider (CDSP), we hold the UK register of details about the nation's gas supply, with information such as who supplies an address, meter reading history and daily national consumption. Being CDSP enables us to provide services to gas suppliers, shippers and transporters, helping Britain's gas market to run efficiently and reliably. We provide information about gas flows across the entire network. The gas usage information we process ensures National Grid can maintain system balance between supply and demand and ensures gas distribution networks invoice the shipping community accurately for carrying gas to UK premises. Maintaining the central register and related information flows requires complex, secure systems and highly skilled and engaged.people.

OUR STRATEGY

We recognise that energy consumers are the ultimate investors in energy assets, and we believe it is our duty to do all we can to deliver a return on that investment, rather than burden consumers with increasing costs. Our chosen strategy is to maximise the reuse of investments we have already made in our technology, processes and our people's skills, across the sector, which will in turn increase the return on investment for consumers. In 2018 we set out a full vision and set of strategic objectives to help us achieve our goals.

£4.8bn
in invoices for gas transportation

2+m
changes of gas meter details

c.5m
customer switches

CONSOLIDATION AND TRANSFORMATION AMIDST MARKET CHANGE

Working at pace to deliver exceptional service

This report signals the completion of my first full year as Chairman; a period in which I have seen the continuing development and strengthening of the senior management team, led by an exceptional CEO, Sian Jones. I would also like to take this opportunity to offer my thanks to three of our Board Members, Andrew Quail, Cathy McClay and Steve Edwards, whose terms ended with the Xoserve Board in the past year and whose experience, knowledge and guidance has been invaluable.

This last year has seen the continuation of the transformation journey Xoserve started in 2017, building solid foundations in technology, customer engagement and communications. It has been a period of consolidation, where the team has embedded the benefits from previous years and stepped up the pace on new transformation activity that will ensure Xoserve delivers a consistent and increasingly exceptional service to our customers.

There have been challenges this year with communication quality still featuring prominently in our customers minds. And the team has been confronted with, and has deftly overcome a number of serious obstacles. It is this teams resilience and its relentless focus on customers which I have found most inspiring this year; and which is why I am confident that they are on a strong footing for the year ahead. However, we must continue to be transparent with our customers about the work that has to be done to realise our vision and transparent about the challenges ahead and how we are approaching them.

The external market has proven to be a testing place for our customers in the last year. The impact of the energy price cap has led to our customers being subject to more pressure to reduce costs which has resulted in increasing challenges to the level of change and investment they can and do wish to make. Customers are continuing to raise the bar to make sure that their investments are returning clear benefits and to challenge the value their investments are returning. Customers are also increasingly questioning the necessity of investment on all but essential items which subjects all investment to additional levels of scrutiny and challenge. Xoserve must be willing to recognise this and work with our customers to help drive forward the greatest efficiencies from investments possible and appropriately support our customers in their choices.

I am pleased to see how well Xoserve have responded to the impact of Covid-19 and have adapted rapidly to continue to support our customers with very positive feedback to the service provided. However, it is only now starting to become obvious what the impact of the pandemic is on our customers and we need to look at how we can continue to support them going forward. With market constraints already putting customers under significant pressure, this is likely to further add to the challenges being faced. But we are in this together and will do everything in our power to set our customers up for success.

PROGRESS IN A CHALLENGING YEAR

Moving to a data driven approach, offering more to our customers

2019 was a challenging year, but we made huge strides forward. We put in place rigorous automated measurement of everything we do for customers, taking our organisation from a position of reactivity throughout 2019, to being able to respond in real time for customers, in a data driven way, for the first time at the start of 2020. The impact of this work has been extremely well received by customers, with the foundations we laid enabling us to deliver improvements in our customer experience with increasing pace. I am excited about the value we are going to deliver in the year ahead, because of the foundations we laid so successfully in 2019.

In the year we launched our Golden Principles for customer service, all focused around the simple but singularly effective commitment that we do what we say we will, when we say we will. We have empowered our highly committed employees to take personal accountability for resolving customer contact, minimising or removing handoffs altogether. Our employee satisfaction has gone up and we witnessed a dramatic increase in customer satisfaction in the last two months of the year after we launched the principles, which when coupled with insight from our new measurement framework, unlocked a 40% reduction in customer complaints.

Having said this there is much to do, but the team could not be more committed to the cause.

I was proud of how the team handled a number of challenges in the year. A policy change which triggered mass migration to Class 3 and an exponential growth in meter read submissions was entirely unexpected, but the team rallied to change systems, processes and code in order to support our customers. And we continued to battle through the year with invoicing defects left over from the Nexus programme. But I felt optimistic at the close of the performance year, that for the first time, I could see the end of the long road to putting Nexus behind us.

The highlight of the year was the launch of our Data Discovery Platform (DDP), which enables customers to visualise their portfolio and make better decisions. In the months following launch, the DDP was heralded by our customers as game-changing, with rapid adoption rates underpinning this sentiment.

I am incredibly proud of the team at Xoserve and all that we have achieved through a challenging year. We laid some very strong foundations in 2019, which I believe will underpin our best year yet in 2020.

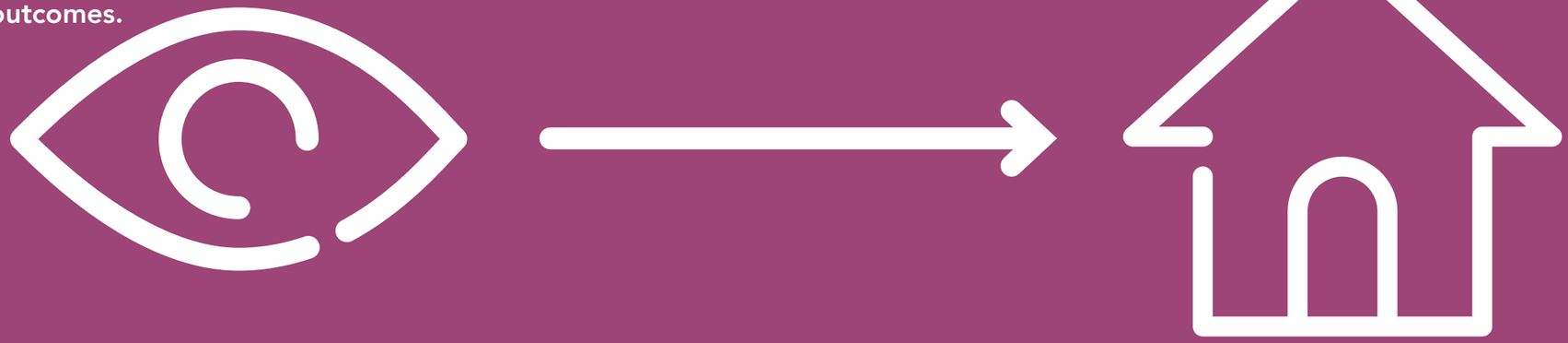
OUR STRATEGY

THE AMBITIONS THAT POWER US

Following a comprehensive review, in 2018 we developed a new set of strategic objectives.

Each pillar has an ultimate ambition, which will drive us towards our eventual outcomes.

Our vision is to simplify the energy market through maintaining and leveraging industry assets for the benefit of all. We will deliver this through six strategic objectives.



CUSTOMER CENTRIC

ULTIMATE AMBITION
Our customers trust us completely because we understand their businesses and can effectively anticipate their needs.

OUTCOME
From reliability to trust

DATA DRIVEN

ULTIMATE AMBITION
We provide a platform and data foundation for innovators which unlocks incremental value for our customers and end consumers.

OUTCOME
From stewardship to value creation

CHANGE LEADING

ULTIMATE AMBITION
We are the first choice to deliver change because we provide delivery certainty in an increasingly complex and fast-paced market.

OUTCOME
From consistency to certainty

OPERATIONALLY EXCELLENT

ULTIMATE AMBITION
We are the service provider of choice for our customers for delivery of processes which connect the energy market.

OUTCOME
From necessity to choice

PEOPLE POWERED

ULTIMATE AMBITION
We deliver an exceptional experience for our people so we can deliver an exceptional experience for our customers.

OUTCOME
From learning to leading

RESPONSIBLE BUSINESS

ULTIMATE AMBITION
Our customers are confident that we enable them to grasp new opportunities because we are exemplars in managing and controlling risk, whilst being commercially and financially astute and operating in a socially responsible way.

OUTCOME
From assurance to confidence

STRATEGIC OBJECTIVE

CUSTOMER PROMISE

We do what we say we will, when we say we will.

Our Customer Promise, supported by our Golden Principles are designed to help our People at Xoserve to provide a consistent, quality experience.

These were developed during the latter half of 2019 as a direct response to customer feedback and are a lens through which we have been - and will continue to - focus all interactions, initiatives and thinking as we strive to make Xoserve truly customer centric.

Desired outcomes of Golden Principles

- Improve customer experience
- From process centric to customer centric
- A view of what good looks like
- Consistent customer contact approach across Xoserve
- Identify people development and process improvement opportunities

Principle One:

OWN THE RESOLUTION FOR THE CUSTOMER

Take ownership to do everything you can to resolve: "Do what you say, when you say you will do it"

The Objectives

- Single point of customer contact
- Reduce the number of internal handoffs
- Keep the customer informed

Principle Two:

MANAGE CUSTOMER CONTACTS DAILY

Manage Outstanding contacts daily as your first priority

The Objectives

- Respond in a timely manner
- Proactively act on aging contacts that are outside of SLA
- Prioritise contacts with significant customer impact

Principle Three:

KEEP THE CUSTOMER INFORMED

Always keep the customer informed: everyone is expected to speak to customers

The Objectives

- Reduce the customer effort
- Reduce the number of customer chasers

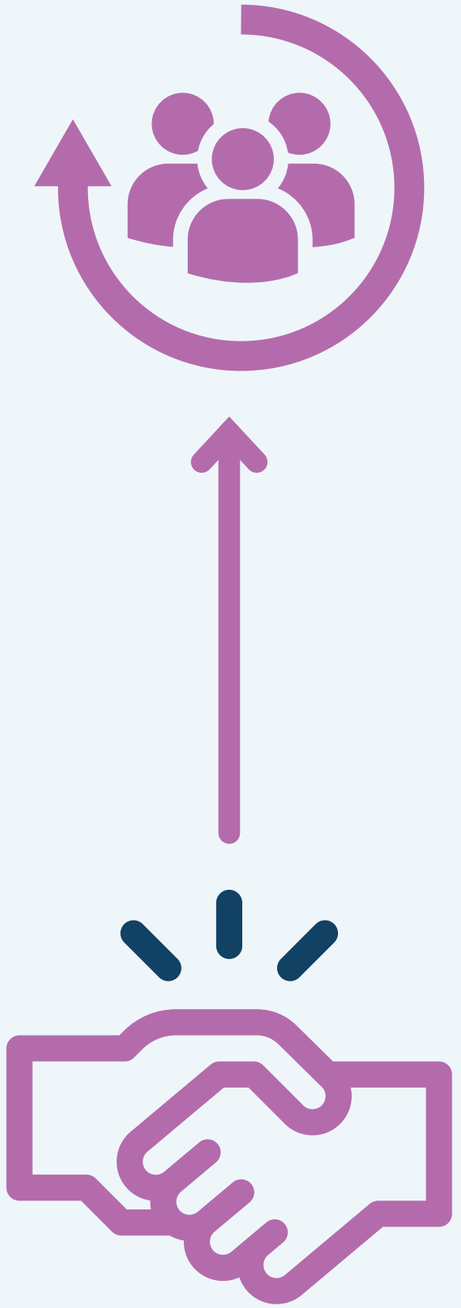
Principle Four:

PROVIDE A QUALITY RESOLUTION

Provide a quality resolution with minimal jargon and use clear and concise information

The Objectives

- Provide a resolution that meets or exceeds customer expectations
- Understand customer issues and impacts to them
- Reduce the number of customer follow-ups/ticket reactivations
- Resolve and address the root cause of contacts



STRATEGIC OBJECTIVE

CUSTOMER CENTRIC

From reliability to trust

- Understanding what customers want from us.
- Being proactive and having high standards in customer service.
- Using feedback to deliver continuous improvement.
- Recognising that every interaction should embody our values.

2019/20 progress

Important progress was made in mapping our customer journeys and identifying all the key customer pain points. We launched a companywide Customer Experience Transformation Programme to systemically resolve these pain points, which included the rollout of a new CRM system, a new approach to resolving contacts and extensive customer training.

Ultimate Ambition

Our customers trust us completely because we understand their businesses and can anticipate their needs effectively.

Our Performance

We aim to deliver a high quality, customer centric service. However, this year multiple challenges impacted our ability to make the improvements we planned.

We were forced into a more reactive way of working to manage the volume of defects and change requests in the aftermath of Project Nexus; alongside changing industry rules and a dramatic and unexpected increase in Class 3 meter reads. It hasn't been easy; we learned from our challenges and will continue to learn in order to deliver an exceptional service. Throughout, our team was in close communication with customers, making swift changes to systems and business rules so we could continue to meet demand. Right at the end of the year, we switched to remote working during the Covid-19 pandemic quickly and without compromising customer service.

Xoserve is becoming more agile and flexible in order to adapt to current conditions. The Customer and Operations departments were merged in Autumn 2019, with the expectation that this would lead to systemic improvement; and we started to see early signs of this in the last quarter of the performance year. Over the next 12-18 months, we will develop and deliver a programme of work to improve customer experience.

Customers have told us they want us to be better at communication. To achieve this, we have restructured our communications framework and changed the way customer communications are distributed and managed. We have invested in a Customer Relationship Management (CRM) tool to produce rapid, measurable improvements to our customer experience.

We have invested in a Customer Relationship Management tool to produce rapid, measurable improvements to our customer experience

In the coming year, focusing on customer journeys will be our number one priority and every decision we take as a business will be informed by the drive to improve our service for customers.

Key successes:

Continued UIG investigations

- Through investigations into unidentified gas (UIG), we found ways to reduce risk and uncertainty for customers while supporting the development of Unified Network Code (UNC) Modifications. This included the transfer of Task Force findings and ways of working into our everyday operating processes. We are proud of our handling of UIG where we have demonstrated leadership, robust analysis and good communication.

Customer training

- Videos, infographics, e-learning and classroom learning, have helped customers develop their businesses effectively through us. Providing this service remotely means it was unaffected by COVID-19 restrictions at the end of the year.

Progress on customer journey improvement

- Last year, we pledged to become more customer centric, improving service quality and communication. Since then, we have gained an understanding of where the problems are (mainly in Change, Join and Query journeys, which represent two thirds of customer pain points), and we now have a clearer picture of how to make it better. Frustratingly in 2019/20, Xoserve had to prioritise Annual Quantity (AQ) defect resolution and invoicing challenges, but we are well placed to deliver the promised improvements in the coming year.

Better digital experience for Customers

- We will work towards a more seamless, smooth digital experience for customers, with self-service points and an improved website to make our offering more appealing and intuitive. A new digital team has been appointed to focus on this.

Improved Change process

- We have altered our Change process to make it easier to engage with customers and provide more robust Change proposals.

CRM development

- We are rolling out a new Customer Relationship Management (CRM) tool which should improve the way customer communications are managed throughout Xoserve. The rollout began with the Customer Advocate Team and will be adopted by the whole business in the next year.

Maintaining operations through disruption

- We responded to customers' changing needs very quickly as the COVID-19 pandemic caused disruption, while also changing our own ways of working and providing an increased level of support to customers.

Future Focus

Increase customer self-service

- Wherever possible, customers should be able to locate answers for themselves without needing to contact us.

Deliver a high-quality customer service

- When customers do need to contact us, they should experience a high-quality service from start to finish.

Better communication

- Customers have told us they want Xoserve to improve communication. The development of an improved CRM system will help to deliver this, along with using Key Performance Measures for all customer journeys.

A Customer Experience (CX) Transformation Programme

- We will train and support our people to deliver high quality service in a customer-focused way. We aim to reduce response times and find ways to be more proactive

STRATEGIC OBJECTIVE

DATA DRIVEN

From stewardship to value creation

- Make data available to customers so they can manage their business.
- Use data to create insight, improve operations and support decision making.
- Deliver high-quality products and services across our organisation.
- Use metrics to rigorously measure the impact of all we do.
- Use data analysis and analytics to support better decision making.

2019/20 progress

The launch of the Data Discovery Platform has enabled customers to access their data much more easily, visualising their portfolio in near real time, helping to inform and make better business decisions. In addition, we have completed work during the year to support report optimisation, cutting out dormant and duplicate reports and making it easier for customers to reliably get to the data they need.

Ultimate Ambition

We provide a platform and data foundation for innovators which unlocks incremental value for our customers and end consumers.

Our Performance

We are proud to have made significant progress this year, becoming more proactive in how we open up and expose data. This enables customers to gain insights that can inform innovation. A key achievement is the development of self-service access this year in response to increased demand.

We are proud to have made significant progress this year, becoming more proactive in how we open up and expose data

Key successes:

Data Discovery Platform (DDP)

- Customers told us they wanted quicker access to data we hold on their behalf, as well as assistance from us in analysing that data. Our Data Discovery Platform (DDP) has enabled Distribution Networks and Shippers to access their portfolio data in intuitive and contextualised dashboards, so they can make informed decisions using current data. The platform enables customers to see both high level performance indicators and low-level granular data, so they can both meet obligations and gain insight into avoiding negative performance. DDP is our first service designed to work with mobile technology. It was developed using a collaborative approach incorporating customer feedback. In future, we aim to have a new sprint every 10 weeks so we can deliver new data and functionality to customers.

Manual reporting reduction

- Activity to support report optimisation has been completed, resulting in a 29.2% reduction in reports through decommissioning reports that are either no longer needed or duplicated, reducing effort for Xoserve and providing greater clarity for our customers. Additionally, non-standard data items are now also available for all customer groups and future reporting requirements.

Future Focus

Digitisation of customer experience

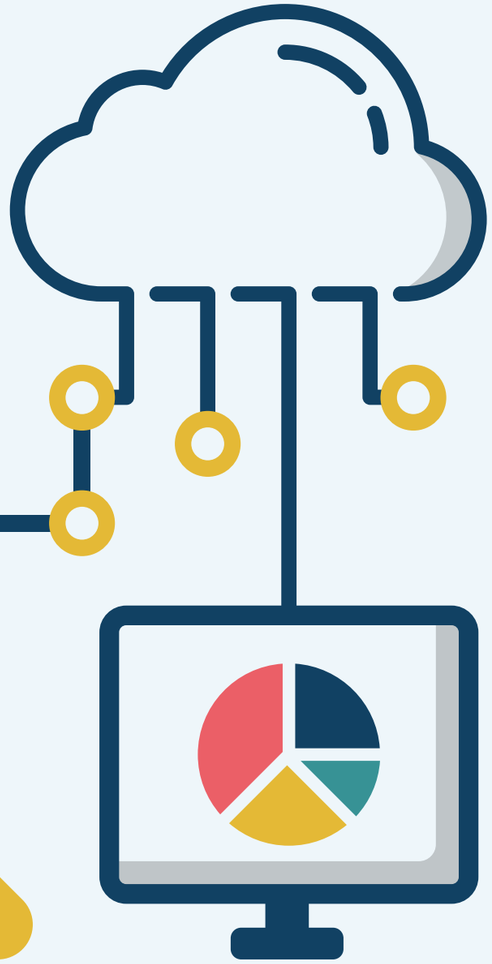
- We want our products and services to be easier to access, as any difficulty results in inefficiency for both customers and Xoserve. We plan to improve our self-service experience across all customer journeys, beginning with those identified as critical by the Customer Experience Transformation Programme. A digital design council has been established to guide this process. Over time, digital user journeys will be further enriched using data and insight, bringing greater value to customers.

Data Governance

- We have begun to implement a Data Governance Framework throughout the organisation; eventually, it will spread through the industry. There are three main aims: to increase customer satisfaction through effective delivery of the data they need in a way that delights them; to improve operational efficiency by driving use of standardisation and collaborative working; and to ensure that we are highly compliant in our use of data. We are at the start of the journey but we've already driven improvements in the consistency of our data product outputs and mobilised a community of business experts to discuss, evaluate and prioritise key data issues.

Open data

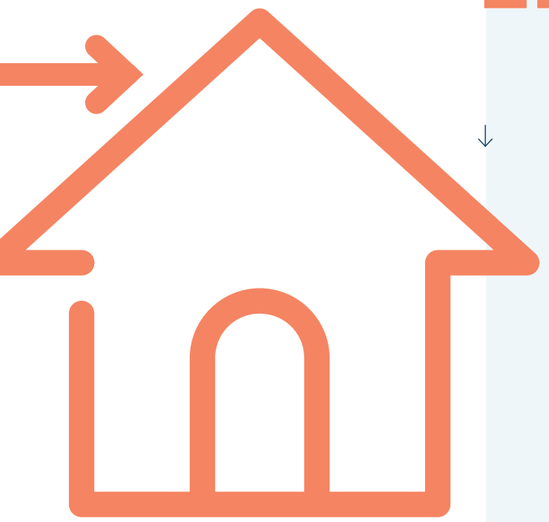
- We believe there are immeasurable benefits in opening-up our system data to our customers and other market participants. In any event, open data is essential to meet targets such as Net Zero. Open data requires a careful approach to security and access controls, which will need industry-wide effort to develop the right skills and infrastructure. Our DDP platform provides the foundations for this, pointing the way to a future data lake which will allow granular control of who can access data. We plan to develop an Open Data framework for the industry that ensures data can be shared safely and in a controlled way, using technologies such as AI and machine learning.



The Data Discovery Platform is a cloud-based product which allows customers to gain insight into their data through intuitive user interfaces.

STRATEGIC OBJECTIVE

CHANGE LEADING



From consistency to certainty

- Help customers understand their options and perform cost/benefit analysis.
- Explain the risk of any change to customers and developing strategies to mitigate risk.
- Deliver on time and providing excellent value for money.
- Provide high-quality management information, support documentation and training materials to assist seamless change.

2019/20 progress

We have a stronger in-house team and delivered some large and complex programmes. We are making progress in Cloud adoption and paving the way for further improvement in pace and quality.

Ultimate Ambition

We are the first choice to deliver change because we provide delivery certainty in an increasingly complex and fast-paced market.

Our Performance

A great deal of change is taking place at Xoserve. Much of this change will not be noticeable to customers, but over time the benefits will emerge: for example, lower cost and easier ways for customers to engage with Xoserve on change.

Xoserve has delivered some large and complex programmes (CSS Consequential, Desktop and Network, Gemini Data Centre Exit) as well as a huge volume of Business-As-Usual change and defect fixes. These changes combine to represent more change in volume and complexity than the final year of Project Nexus, for less cost.

UK Link has moved to a Cloud platform so more testing environments can be used, giving the ability to deliver change more easily

UK Link has moved to a Cloud platform so more testing environments can be used, giving the ability to deliver change more easily. An automated testing function in UK Link has been created, so we can be faster and more consistent without overly relying on subject matter experts. Documentation has been reviewed and refreshed and its storage and accessibility has been upgraded.

Our in-house team has been strengthened by the recruitment of Architects and Business Analysts. We are working to develop a broader spectrum of change methodologies; Waterfall is used for releases, Agile for automation, customer experience and DDP, while a hybrid model is used for CSS.

We were pleased to achieve a score of 9.6 (out of 10) in the Customer Satisfaction and Change Survey, reflecting the high rate of change delivered in a quality way this year. We delivered six releases this year (three major and three minor), 72 Additional Service Requests and 240 changes for third party (non-DSC) customers. Incidents have reduced by 68% a month and Tech Ops errors have fallen 37%. .

Key successes:

Moving to the Cloud

- Good progress was made in migrating UK Link onto our Microsoft Azure Cloud. This is a more scalable and cost-effective platform that should enable greater responsiveness to changing customer needs. We are already using recently-deployed Cloud development and test environments to support delivery of our change programmes. This process has produced invaluable learning which will help with the wider programme to move UK Link to the Cloud and manage demand for testing environments within our data centre.
- The Gemini application was re-platformed in order to ensure it is future-proofed and fit for purpose. Gemini is now virtualised and moved into a private Cloud from our on-premise infrastructure, helping to improve service provision to the gas industry.

Implementing changes to Gemini

- We continued to support National Grids Transmission System Operator (TSO) obligations including implementing Interconnector UK which ensures National Grid will be compliant with EU CAM obligations whilst also reducing significant manual workaround effort.

Central Switching Service

- We made substantial progress in delivering changes to meet CSS requirements. The design, build and internal testing was completed to ensure programme exit milestones were met (API, DES, UK Link, Gemini and Data Migration). Switching programme stakeholders were engaged by all work streams, and this will continue throughout the project.

Central Switching Service Adapter

- In line with the September 2019 decision from Ofgem to allow the provision of adapters to support the Central Switching (CSS) programme, we decided to develop our own Adapter Service for customers so they can connect with the Central Switching Service. With three options to choose from, our Adapter will provide a service that delivers secure, event-driven data flows for both gas and electricity, while minimising Industry change, optimising costs, reducing delivery timelines and providing an intuitive and informative user interface.

Major and Minor Releases

- We were pleased to deliver three minor releases to customers this year; made possible because we developed in-house capacity to deliver minor releases. Two major releases were delivered in 2019 with a further release in September to deliver the additional EUC values. The major releases included an urgent change to ensure our systems could cope with an exponential increase in meter points switching to Class three.

Desktop and Network rollout

- The impact of COVID-19 meant that we needed to switch to remote working at very little notice. This was possible because in the year we rolled out a completely new desktop and network platform to our people, which was entirely cloud enabled, ensuring continuity for our customers at the height of the pandemic.

Tooling and Automation

- The first phase of automated regression testing for UK Link has been delivered, including a modernisation of system documentation to ensure alignment with code.

Future Focus

Capability

- We will continue to make changes such as bringing expertise in-house and strengthening working processes with delivery partners. This will help to pave the way for delivery of more value for customers.

Cloud

- In the year ahead, we will go further in adopting Cloud technology in order to access the flexibility and speed it offers. UK Link will move out of our data centre and onto the Cloud, which will bring greater infrastructure flexibility, enhanced resilience, and greater ease of change.

Automation

- Tooling and automation work deferred from 2019 and 2020 will be taken up again, enabling us to deliver increased automation and standardisation of regression testing for the UK Link platform. Testing should be more effective and faster, with fewer defects from new changes and the UK Link platform should become more stable. Development of the automation regression testing capability for the Gemini platform will continue. Testing automation and standardisation will be enhanced so Gemini has the same benefits as UK Link in terms of reduced defects and greater platform stability.

STRATEGIC OBJECTIVE

OPERATIONALLY EXCELLENT

From necessity to choice

- Maintain reliable, high-quality data management services and systems.
- Deliver against contractual obligations and key performance indicators agreed with industry.
- Continually improve our systems, processes and data, using the latest automation and lean techniques to improve efficiency.

2019/20 progress

We have cut our contact backlog and reduced average resolution times, but there is more to do in order to meet customer expectations.

Ultimate Ambition

We are the service provider of choice for our customers for delivery of processes which connect the energy market.

Our Performance

Operational issues and defects meant we spent much of 2019 devising quick fixes. To put this dynamic in context, in the past two years we found and fixed over 1500 serious defects introduced as part of Project Nexus, which went live in 2017; the majority of this unplanned, but vital, corrective activity took place in 2019. In comparison, fewer than 30 defects of the same size and complexity have been introduced through the UK Link releases since Nexus, despite the scale and complexity of these releases being comparable. Our change quality has dramatically improved, but these legacy issues meant we had less expertise and resource to address long-standing operational issues that both customers and Xoserve see as a priority.

While progress has been less than we hoped, there has been positive change. By improving the way our Service Desk operates, we moved closer to our goal of one-touch customer issue resolution, meaning our response is right first time for more customers.

As a sign of how seriously we take customer feedback, on learning our customers were dissatisfied with the quality and speed of our response to customer queries, we brought people from across the organisation together to identify how to remove barriers and drive improvement. This approach led to a 40% reduction in our backlog of contacts and a reduction in average resolution time. All our issue resolution processes were then upgraded to incorporate this learning and ensure it remained embedded for the long term.

KVI	Measure	Final Performance
Customer Service	90%	93.3%
Change Management	90%	92.4%
Relationship Management	95%	70.5%
Customer Issue Resolution	90%	42.9%
Customer Data Security	0 High / <=12 Medium <= 60 Low	100%
Service Delivery	98%	98%
Financial Reporting	100%	75%

Key successes (Measured as KVI scores up to EOY 2019):

Customer Service (Target 90%)

- We achieved 93.3% against a 90% target, reflecting our focus on improving our customer service engagement by setting and meeting expectations.

Change Management (Target 90%)

- We achieved 92.4% against a 90% target. This is a significant improvement on last year's achievement of 76.1%, reflecting our work in the last year to increase and improve engagement with customers during the delivery lifecycle process and to deliver on our promises. Increased transparency with finances for change delivery added to our score; this is an area where we plan further improvements.

Relationship Management (Target 95%)

- We achieved 70.5% using a new way of measuring customer trust ('starting to trust' as well as 'trust'.) The shortfall in our achievement directly correlates to the significant rise in unexpected issues and defects our operational teams were redeployed to resolve in the year. Feedback suggests that customers are satisfied with our people and their attitude, but too often we do not give a timely response or provide the right answer, first time. We have also heard our website is difficult to navigate; and some customers feel we do not understand their businesses well enough and that they want us to improve our communication.

Customer Issue Resolution (Target 90%)

- We achieved 42.9%, missing the target by a large margin. Having analysed customer feedback, it is clear that our resolution timescales are too slow to meet customer expectations and we sometimes do not provide as much information as customers require. We want to focus on this in the year ahead, not only resolving issues more quickly but also assessing the impact on all parties, providing a plan for resolution with clear milestones and deliverables so customers know what to expect. We will engage with customers at the earliest opportunity to confirm what data is required.

Customer Data Security (Target Yes/No)

- We achieved 100% in this area, staying within boundaries for high, medium and low data breaches. This is a significant improvement on last year's achievement of 25%, showing that we have improved how we communicate about Data Security issues with customers.

Service Delivery (Target 98%)

- We achieved 100% in March, with a year-end score of 98.0%, against a 98% target.

Financial Reporting (Target 100%)

- We narrowly missed achieving the target because our quarterly update for July 2019 was issued three days late. Processes have now been changed to ensure these deadlines are not missed in future.

System Availability (Target 99%)

- We achieved 98.20% performance, increasing stability from 57% in the same period last year. We maintained system availability for all main customer systems and had very few failures against SLA, with one performance failure putting us just short of the target.

Find My Supplier

- We enhanced the find my supplier portal, resulting in a significant increase in successful searches, from 60% to 92%. customers have benefitted from an improved hit rate and greater richness of detail.

We aim to provide clear channels for engagement and high-quality end-to-end ownership

Future Focus

Operational reliability and stability

- We plan to continue our focus on operational reliability and stability. The more we ensure this, the less need customers will have to contact us. When they do need to get in touch, self-serve opportunities will provide better ease of engagement. We also aim to provide clear channels for engagement and high-quality end-to-end ownership.

	Target	Mar	Apr
UK Link	99%	99.92%	99.96%
EFT	99%	100%	99.28%
Gemini	99%	100%	99.39%
Gemini B2B	99%	100%	100%
IX	99%	100%	100%
DCC	99%	100%	100%
Service Desk	99%	99.09%	100%
Data Enquiry	97%	99.98%	99.96%
IP	97%	99.98%	99.96%
CMS	97%	100%	99.73%
GCI - Desktop	99.73%	100%	100%
GCI- Skype	99.73%	100%	100%

STRATEGIC OBJECTIVE

PEOPLE POWERED

From learning to leading

- Nurture people to become proactive, forward-thinking and well-motivated.
- Use common language and sharing a common understanding of what customers want.
- Operate in an agile way, using devolved people networks to remove barriers to achievement.

2019/20 progress

Our new People organisation delivered a transformed desktop experience for employees, enabling the organisation adapted seamlessly to 100% home working at the end of the performance year. We also supported extensive upskilling and reskilling of our people; and focused on mental health, both in and out of the workplace.

Ultimate Ambition

We deliver an exceptional experience for our people so we can deliver an exceptional experience for our customers.

Our Performance

People are Xoserve's most valuable asset and we believe that an organisation's external performance is a direct reflection of its internal culture. We brought together all aspects of our people experience, from change and training, to development and wellbeing in the year, including everything involved in an employment lifecycle. We increased our use of data and insight to understand and drive engagement, as well as the support and development of the technology tools and platforms used by our people.

People are Xoserve's most valuable asset and we believe that an organisation's external performance is a direct reflection of its internal culture

The last 12 months have been hugely successful, as we have the right tools and capabilities to perform at our very best, which is key to unlocking an improved service to our customers. We focussed on upskilling our people as well as recognising where new skills and capabilities are required; and we recruited these people into Xoserve through an exceptional onboarding process. Wellbeing was a key focus, as we continue to implement significant change across the organisation. We are proud to have increased our People Engagement level (from 7.5 to 7.7 out of 10) during a challenging year.

Key successes:

Developing our capabilities

- We launched the Xoserve Academy, designed to support the development and upskilling of Leadership, Data, Change and Operational Excellence capabilities. During 2019/20, 45 members of our Leadership team attended a programme to enhance existing leadership skills and develop new ones. We strengthened in-house capability by re-skilling people from existing operational positions into roles involving Microsoft and SAP development & support, as well as software testing.

Enabling flexibility

- We completed our Desktop and Network migration from legacy services provided through National Grid. Achieving this involved rolling out the new core network at our office for increased flexibility and monitoring; and new desktop hardware and applications. We also implemented Skype for business and upgraded Skype-enabled meeting rooms. In a major undertaking, we moved to Office 365 so all critical business users, developers and staff would have secure access from remote locations. This groundwork meant we could switch to full homeworking in March 2020, ensuring the safety of our people without any operational impact on customers.

Engaging with our People

- Every person in our organisation is important; we believe in engaging with our people so they are well informed about the financial and economic performance of the company and how key decisions could affect their interests. This engagement means we can take a full range of views into account.
- This engagement takes place through a series of Company-wide briefings from the Chief Executive Officer (CEO), and members of the Executive Team, bulletins and communications through our social and communication platform, Yammer. Breakfast meetings and listening sessions helped to put people in touch with the CEO and Executive Team, while video blogs (vlogs) from senior leaders maintained support and connection during the shift to home working. Yammer is now the consolidated hub of all internal communications, alongside important channels for debate, such as Inclusion & Diversity, Wellbeing and Life at Xoserve.
- An independent external questionnaire is used to measure people's engagement. The results help us assess progress and plan future direction using common themes in feedback. This year, we delivered a 2.7% improvement in engagement.

Supporting Mental Wellbeing

- Over the last year we developed and implemented an initiative to support good mental health. A team of certified Mental Health First Aiders ensure that nobody at Xoserve should feel they need to suffer in silence; the team can talk with an individual directly or signpost other sources of help. Our #RemoveTheStigma campaign demonstrated our maturity regarding this sensitive topic, with 16 individuals from across the business sharing stories of their experiences with mental health. We are proud to be a front-runner on this subject and will continue to focus heavily on the health and wellbeing of our people.

Future Focus

Improved accountability and performance

- We will continue to work on improving accountability and performance by ensuring all our people have defined Objectives and Key Results (OKRs) which clearly link to the organisation strategy and goals.

Remote Working

- We will continue to support our people in remote working, which we expect to continue for the majority of the next performance year. Whilst our people and business have faced challenges, there have also been significant improvements through this new way of working and we will ensure that these are retained as we work towards returning to our building.

Frictionless solutions

- We have made a significant investment in desktop and network infrastructure over the past year. In future, our focus will be on creating frictionless solutions by rolling out additional applications and services which support our new way of remote working, as well as increasing security protocols.

Upskilling and Reskilling Our People

- We will focus on investing in our people to enhance their capabilities in those areas of most value to our customers.

45%

of our people have joined in the last two years

STRATEGIC OBJECTIVE

RESPONSIBLE BUSINESS

From assurance to confidence

- Understand and manage business risks.
- Ensure best value for money by being commercially minded, benchmarking services and developing new partnerships.
- Embrace independent assurance of our work.
- Ensure employee safety.
- Take our responsibility to the local community and environment seriously, including supporting community projects.
- Protect customer data and our ability to operate, by focussing on security, assurance and risk management.

2019/20 progress

A seamless transition to home-working safeguarded our people and our customers amid the Covid-19 pandemic. We strengthened cyber security and adopted new external assurance measures to ensure best practice.

Ultimate Ambition

Our customers are confident that we enable them to grasp new opportunities because we are exemplars in managing and controlling risk, whilst being commercially and financially astute and operating in a socially responsible way.

Our Performance

Operating responsibly underpins everything that we do and responsibility is the foundation that allows us to pursue innovation.

For example, our responsible approach to major incidents enabled us to transition from a mainly office-based workforce to a wholly home-working one in order to meet the challenge of Covid-19. We had already implemented the right foundations and safeguards in our desktop and network systems, so the transition to home-working took 24 hours. This ensured the safety of our people and, crucially, the data we hold on behalf of our customers.

We maintained high standards on responsibility with added impetus on such areas as security and data privacy

We maintained high standards on responsibility with added impetus on such areas as security and data privacy. We continued to strengthen our cyber security measures and established a permanent Chief Information Security Officer and an experienced in-house Information Security and Privacy team delivering continuous improvement programmes. The team delivered significant improvements in NIST security maturity throughout the year, as part of a multi-year strategy for continuing improvement, ratified externally by the security specialists NCC.

Key successes:

Understanding and managing business risks

- Building on last year's proactive approach, this year we introduced an externally benchmarked risk management framework. The framework received a positive audit in February and gives Xoserve a strong platform for building a more mature risk culture.
- Our in-house change assurance team independently assured an all of the largest, most complex projects to change our core UK Link and Gemini platforms. Using our benchmarked assurance framework, this team reduced risk to delivery outcomes.

Being commercially minded

- Our contract management team focused on supplier relationships, management and monitoring, resulting in improved delivery of services and strategic projects by our partners.
- We emphasised aligning supplier performance to customer outcomes, contractual compliance and value for money. Our membership of the International Association of Commercial and Contract Managers (IACCM) has helped to ensure best practice, along with contract management team professional development.
- We set up a new procurement performance team, who review spend analytics and supplier market appraisals, working to identify areas for competitive review.
- Building on supplier payment process improvements last year, we have consistently exceeded the 90% paid on time target on a quarterly basis.

Finance planning and reporting system implementation

- This year we introduced a new finance support tool to simplify, standardise and integrate planning, forecasting and reporting cycles. The tool will be trialed over 2 years, providing improved management information to further enhance forecasting accuracy, and transition to a quarterly reporting cycle. This will feature a similar level of detail to the annual strategic report, offering a rich timely performance update for our stakeholders.

Ensuring employee safety

- Tracking the risk path of the Covid-19 outbreak enabled us to prepare and communicate well with our customers and our people. Our early move to 100% homeworking meant that we had zero workplace Covid-19 confirmed cases. Our approach prioritised the safety, comfort and mental health of our people, allowing them to work flexible hours, distributing over 330 items of Display Screen Equipment, and providing support based on employee feedback. Regular wellbeing surveys show an average of 98% felt that Xoserve looked after their wellbeing either well or really well. Our Incident Management Team monitored the effect of Covid-19 on business operations and our people throughout to ensure they are supported in their own wellbeing, and to deliver effective customer service in these challenging times.

Social responsibility to the environment and the community

- As a Responsible Business, we embrace environmental safeguarding and are addressing the climate change challenge by reducing our carbon footprint to net zero by 2025, supporting the energy industry's wider goal to reduce carbon emissions to net zero by 2050. This year will serve as a base year for Xoserve's future carbon footprint reduction achievements.
- Our independently-verified Greenhouse Gas emissions calculations are based on the GHG Protocol Corporate Accounting and Reporting Standard. Office gas consumption is the largest component of Xoserve's carbon footprint, and we are assessing how to reduce building energy consumption and have formed an Emergency Climate Group (ECG) to help deliver our Carbon Challenge Strategy.
- We have been certified as a Carbon Neutral Organisation by offsetting our total emissions to the Darfur Low-Smoke Stoves project. Endorsed by the UN World Food Programme, the project has a gold standard for climate security and sustainable development, and meets the Quality Assurance Standard (QAS) for Carbon Offsetting.

Protecting our customers' data and our ability to operate

- Xoserve has continued to strengthen Information Security and Privacy capabilities and controls, and delivered increased Security Maturity levels, evidenced by an independent NCC assessment audit in March.
- We introduced a four-year transformation Programme which incrementally increases our Cyber Security control maturity year on year, in-line with ISO 27001 compliance and NIST, and we have set ourselves an industry-leading target of NIST maturity level 4 by the end of the plan.

STRATEGIC OBJECTIVE

RESPONSIBLE BUSINESS

From assurance to confidence

- Understand and manage business risks.
- Ensure best value for money by being commercially minded, benchmarking services and developing new partnerships.
- Embrace independent assurance of our work.
- Ensure employee safety.
- Take our responsibility to the local community and environment seriously, including supporting community projects.
- Protect customer data and our ability to operate, by focussing on security, assurance and risk management.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

- The Board of Directors consider that the decisions they have made during the financial year and the way they have acted have promoted the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act). The Board meets as a minimum on a quarterly basis and the agenda typically includes reports on current trading and financial performance, legal and governance updates, a review of the strategic plan and more detailed discussions of areas of importance. The Board considers the company's key stakeholders to include employees, shareholders, customers, suppliers and the local community.
- The Board has delegated the day-to-day management of the Company's activities to the CEO and Executive management team who are responsible for the execution of the Company's strategy within the plans agreed by the Board. As well as the regular interaction mentioned above, confirmation has been received from the CEO and each of the Executive management team that they have complied in full with supporting the Board of Directors perform their statutory duties required under s172(1).

Long term decisions

- The Board discussed the long- term strategy of the business, in line with the strategic pillars and key themes. The Board recognises its responsibility to act fairly between all its stakeholders.

Customers

- Xoserve's ultimate ambition to be trusted completely by our customers was severely tested this year, with operational issues that would have expected to be seen in the immediate aftermath of UK Link Go-Live not surfacing until 2019. However, great strides were made towards the end of the year to put this right both operationally and culturally. Our Customer Promise and Golden Principles build on the good progress that we made in 2018 and have been developed based on customer feedback. What customers see and experience must align with what we perceive ourselves to be, and that principal is at the heart of our Customer Promise.
- The Company made significant improvements in communication with customers. The Business Planning process was refined from the promising blueprint that was laid out in 2018, delivering on the promise to give customers the maximum opportunity to engage with the Company and share their views.
- Customer satisfaction is measured through a number of customer surveys issued during the year. These are referenced further within our Key Performance Indicators.
- The Company has received positive feedback from customers regarding the communication and dedication to the continuation of high-quality service during the COVID-19 pandemic.

Suppliers

- Xoserve is dependent on a range of significant third-party relationships in support of the services provided to customers. The Company continues to evolve our supply chain, moving to a more federated model that provides us the opportunity to invest in smaller and UK-based suppliers. With the scale and impact of COVID-19, supplier engagement has been crucial to ensure we support them during this difficult time. This has enabled financially vulnerable suppliers to be identified early, offering improved cash flow in many cases. The steps previously taken to improve our payment performance ensured 95% of all invoices were paid on time with our smaller suppliers offered shorter payment terms.
- Security was identified as a key theme of the Company's supplier code of conduct which has been reflected in the minimum standards expected of key suppliers. There has been continued investment in security to protect the critical customer data managed in-house with both self-assessment processes and audits to confirm compliance with standards set.

This has been achieved through:

- Inclusion of third-party management risks as part of the Crisis Management team oversight of the COVID-19 response
- Clear procurement and supplier management policies and governance in place, including dedicated relationship partners for strategic suppliers
- Defined service level agreements and Key Performance Indicators for key contracts
- Dedicated procurement and contract management roles within our wider commercial team
- Key supplier business contingency planning including targeted reviews by our Business Continuity team
- Structured governance and business monitoring processes for strategic suppliers operating key business processes

People

- The creation of a People Function focused all activities relating to our people under one Executive responsibility. This includes the People specific aspects of Change and Training, Development and Wellbeing, Operations, Insights and Engagement and Platforms which oversees all the internal technology that our people use day to day, including our back-office finance and HR systems, laptop devices and desktop services as well as all of our people tools and platforms. The development of this function has continued over the year and refined the ultimate ambition for the people element of the Company's strategy to reflect the desire to create an exceptional experience for people for them to deliver an exceptional service to customers.

Engaging our People

- Engagement with employees and their representatives has continued at all levels, ensuring that their views are considered when decisions are made that could affect their interests and that employees are made aware of the financial and economic performance of the Company.
- Communication with employees occurred through a series of six-monthly Company-wide briefings, briefings from the Chief Executive Officer ("CEO") and other members of the Executive team, ad-hoc bulletins and communications through our social and communication platform. Consultation was taken where required, for example with the staff union in relation to the annual staff pay review. A series of breakfast meetings between members of the Executive management team and staff were held throughout the year as well as listening sessions with the CEO and Executive team members, and a series of video logs (vlogs) published which proved especially successful during the move to home working in reaction to COVID-19.
- We measure our people engagement through an independent external questionnaire, this year run by The Happiness Index, which measures a wide range of factors which affect employee engagement. We use the output to assess our progress and develop proposals to address themes for within the feedback. We delivered a 2.7% improvement in engagement across the current year.
- During the year the Company operated a performance management scheme as a basis for setting individual objectives and monitoring performance of employees. This provides the basis for informing personal performance bonus awards. During the year the People Function worked on improvements to this framework to ensure all of our people have objectives which link to the Company Strategy and launched a new Objectives & Key Results framework at the end of the performance year in readiness for 2020/21.

Developing our capabilities

- During the year the Xoserve Academy was developed and launched, designed to support the development and enhancement of Leadership, Data, Change and Operational Excellence capabilities. This has included development and launch of new leadership qualities, with 45 leaders already having attended a new Leadership programme. We successfully internally re-skilled a number of people from operational roles into both Microsoft and SAP development and support roles as well as testing roles, to support our intention to strengthen our in-house change capability.

STRATEGIC OBJECTIVE

RESPONSIBLE BUSINESS

From assurance to confidence

- Understand and manage business risks.
- Ensure best value for money by being commercially minded, benchmarking services and developing new partnerships.
- Embrace independent assurance of our work.
- Ensure employee safety.
- Take our responsibility to the local community and environment seriously, including supporting community projects.
- Protect customer data and our ability to operate, by focussing on security, assurance and risk management.

Inclusion and Diversity

- Inclusion and Diversity is actively supported in the business by the Inclusion & Diversity Action Group and Diversity Champions. During the year the Company trained 11 colleagues as Mental Health First Aiders (MHFA) to help support wellbeing. A series of online articles were written by colleagues across the business sharing their own experiences of mental wellbeing and inclusion and diversity which have proven popular. The new leadership programme is a key part of improving inclusion, developing our leaders to ensure all of our people have a voice and their value is recognised. Xoserve has also sought to be a voice within the wider community, hosting a wellbeing session with Energymind, a new project dedicated to creating a positive culture around mental wellbeing in the energy industry.
- Applications for employment by disabled persons are always fully considered, taking account of the qualifications, experience and capabilities of all applicants. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate adjustments and training are arranged. It is the policy of the Company that the training and career development of a disabled person should, as far as possible, remain identical to that for a person who does not suffer from a disability.

Future Focus

- The Company has made significant investment in infrastructure for desktop and network and will focus now on maximising the use of the capabilities for our existing toolset while enhancing the security and the user experience as well as ensuring the building space meets our future needs.
- The Company will continue to work closely, supporting our people in a remote-working environment, which we expect to continue on a company-wide basis for some time within 2020/21.

Strategic Plan

- The Board discussed the Principals and Approach of the Business Plan. The Board re-confirmed the Company's strategy and vision and agreed a directional plan for the Business Plan period of three years. The plan aligns to the Company's nine key themes.

Financial updates

- The Board discussed performance against Business Plan with focus on Customer Change, Market Investment and Xoserve Change, discussed funding requirements, reviewed liquidity position and discussed preparations, scenario planning and impact assessments for Brexit.

Sustainability

- The Board is acutely aware of its responsibility to safeguard the environment. We believe as a Responsible Business, it is ethically the right thing to help address the challenge of Climate Change by reducing our carbon footprint to net zero by 2025. In doing this we support the wider goal the industry is aspiring to achieve of reducing carbon emissions to zero by 2050.
- This year, we conducted a thorough review of our Scope 1, 2 and 3 carbon footprints following our commitment to our carbon reduction targets. This will serve as a base year for future carbon footprint assessments to be compared to.

Emissions

Our Greenhouse Gas (GHG) emissions calculations are based on the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). We have identified relevant activity data for Scope 1,2 and 3 emissions which have been verified by an independent carbon consultant. We have used the preferred method of calculation as a government recognised approach.

Gas consumption at the Company's office is the most significant component of Xoserve's carbon footprint. Discussions are underway on how to reduce energy consumption of the building and to that end Xoserve has formed an Emergency Climate Group ("ECG") to help deliver our Carbon Challenge Strategy.

Scope	Activity	Tonnes CO2e
	Site gas	167.44
	Company car travel	2.41
Scope 1 subtotal		**169.85**
	Electricity generation	56.95
Scope 2 subtotal		**56.95**
	Flights	18.81
	Electricity transmission & distribution	4.84
	Grey fleet	3.05
	Rail travel	1.32
Scope 3 subtotal		**28.02**
Overall total		**254.82**
Tonnes of CO2e per employee		**0.66**
Tonnes of CO2e per £M turnover		**2.78**

We are pleased to have been certified as a Carbon Neutral Organisation by offsetting our total emissions to the Darfur Low-Smoke Stoves project, which provides fuel efficient cooking stoves for North Darfur Women in Sudan. The project is endorsed by the UN World Food Programme and has been awarded a gold standard for climate security and sustainable development. It also meets the Quality Assurance Standard (QAS) for Carbon Offsetting.

FINANCIAL SUMMARY

Results

For the year ended 31 March 2020 the Company's profit before tax was £0.3m (£0.3m after tax) (2019: £0.1m (£0.1m after tax)). The profit before tax (and before exceptional items) was £0.3m (2019: £0.9m). There were no exceptional items incurred during the year (2019: £0.8m).

Financial position

Total net assets at 31 March 2020 were £2.0m (2019: £1.7m) comprising fixed assets of £50.6m (2019: £55.0m); net current liabilities of £13.3m (2019: £10.8m) less long-term creditors and provisions for liabilities of £35.4m (2019: £42.5m).

Xoserve's direct employees are supported by agency staff, who are employed through external companies and not directly by the Company and utilised to perform process as well as management and technical roles. For 2019/20 the average number of employees and agency staff in aggregate was 476 (2018/19: 395 and 2017/18: 394).

Total employee and agency staff costs of £28.0m were incurred for the year ended 31 March 2020 (2019: £26.1m).

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (AUDITED)		
	31 March 2020	**31 March 2019**
	£'000	**£'000**
Turnover	80,668	69,798
Administrative expenses (including restructuring costs of £nil (2019 - £788,000))	(80,546)	(69,798)
Operating profit	**122**	**-**
Profit on ordinary activities after taxation*	**280**	**135**
Other comprehensive income for the year (net of tax)	-	-
Total comprehensive profit for the year	**280**	**135**
*no taxation was required to be paid in either year		

CONDENSED STATEMENT OF FINANCIAL POSITION (AUDITED)		
	31 March 2020	**31 March 2019**
	£'000	**£'000**
Fixed Assets	50,634	54,954
Current Assets	35,549	27,348
Current Liabilities	(48,805)	(38,101)
Non - current liabilities	(33,804)	(40,673)
Provision for liabilities	(1,606)	(1,840)
Net assets	**1,968**	**1,688**

CONDENSED STATEMENT OF CASH FLOWS (AUDITED)		
	31 March 2020	**31 March 2019**
	£'000	**£'000**
Cash and cash equivalents at start of year	20,984	21,397
Net cash generated from operating activities	18,460	6,499
Net cash from investing activities	(12,063)	(7,151)
Net cash from financing activities	(92)	239
Cash and cash equivalents at end of year	**27,289**	**20,984**

Xoserve Limited's full audited financial statements, including: Directors' Report, Strategic Report, Statement of Directors' Responsibilities, Independent Audit Report, Primary Financial Statements and Notes Forming Part of the Financial Statements can be viewed on the **Companies House website** from September 30th 2020.

FINANCIAL SUMMARY

Charges Type £m (2019/20 Prices)	"Shipper Users"	"National Grid NTS"	"DN Operators"	iGTs	Other	Adjustments	Annual Total
Budget Charges							
General Services	11.6	8.2	11.9	0.3	-	-	32.0
Infrastructure	9.6	8.4	7.3	0.2	-	3.0	28.5
Change	14.1	3.8	1.7	-	-	-	19.6
Specifc Services	3.0	-	0.1	-	-	-	3.1
Non DSC Charges	-	-	-	-	-	-	-
Total	**38.3**	**20.4**	**21.0**	**0.5**	**-**	**3.0**	**83.2**

Budgeted charges for the year are £80.2m. The adjustment of £3m refers to income brought forward from financial year 2018/19.

Charges Type £m (2019/20 Prices)	"Shipper Users"	"National Grid NTS"	"DN Operators"	iGTs	Other	Adjustments	Annual Total
Actual Charges							
General Services	11.3	8.0	11.9	0.4	-	-	31.6
Infrastructure	9.2	5.7	6.9	0.2	-	3.0	25.0
Change	10.6	3.2	1.2	-	-	4.8	19.8
Specifc Services	3.7	-	0.1	-	-	-	3.8
Non DSC Charges	-	-	-	-	0.5	-	0.5
Total	**34.8**	**16.9**	**20.1**	**0.6**	**0.5**	**7.8**	**80.7**

Adjustments made are in respect of income carried forward to 2020/21 and the treatment of capital contributions. Total actual charges of £80.7m match the Turnover figure on page 28.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Risk	Description
Information Security	The Company manages data on behalf of the Gas Network Operators and operates a number of Information Systems in support of this. It is recognised that Information Security is vital to ongoing operation and the key areas of risk being managed are; unauthorised access to Xoserve's critical systems and data, data privacy and cyber security. As a result, Xoserve has continued to strengthen cyber security measures and established a permanent Chief Information Security Officer and in-house Information Security and Privacy team to develop improvement programmes. The team have developed a multi-year strategy and approach for ongoing protection which has been assessed and ratified externally. Significant improvements in cyber security maturity have been delivered throughout 2019/20 whilst also maintaining our ISO27001 accreditation.
Third party reliance	The Company uses a number of specialist third party vendors who operate under agreed framework arrangements to provide some of the support services and asset development work. As a result of these long-standing relationships there is a reliance on a few key suppliers which increases the risk that any third-party failure might have on the business. Ongoing procurement strategy, contract management and governance review activities are in place to manage and monitor this risk.
Achieving strategic ambitions and funding model	The governance and funding model could constrain the Company's ability to leverage its assets, given the diversity in risk appetite across customers and any funding restrictions in place for some regulated customers. The Company consults with its customers on the Business Plan and budget as well as the development of its strategy to ensure these are understood and aligned with industry requirements, thereby facilitating approval of annual charges. Further evolution of the funding model will continue to be explored to enable greater commercial flexibility.
Managing demand and ongoing change	As the business environment evolves through ongoing change, there is requirement to continually review existing and new activities to ensure suitable capacity, capabilities and control frameworks are in place to mitigate any additional risks that may be created and to exploit potential opportunities that may arise. Internal Audit and Change Assurance activities continue to monitor and highlight any required areas of improvement in this regard.
COVID-19	There is a risk that disruption to business operations and the workforce occurs due the global outbreak of COVID-19. The Company moved quickly to ensure a safe working environment for employees and have not suffered from any significant staff absences as a result of the pandemic. Operations have been maintained throughout the peak impact of COVID-19 through remote working arrangements.

CORPORATE SOCIAL RESPONSIBILITY

Amount raised by charity via fundraising events:

Birmingham Mind: **£2,129.30**

AGE UK Solihull: **£1,640.19**

CLIC Sargent: **£2,187.32**

Other: **£1,646.75**

£7,603.56

£8,200.06 raised through MATCHED GIVING

Xoserve Academy

Supported through the completion of Xoserve Academy modules. Developing our people and helping our community.

Academy

Cherished **£200**

St Basils Works with young people **£420**

Prince's Trust **£80**

Birmingham Dogs Home **£300**

Spotlight

Cherished is a non-profit organisation providing attachment focused support for Primary and Secondary schools across Birmingham. Their self-esteem workshops and mentoring schemes are committed to nurturing, empowering and developing the true potential of young girls and boys.

We are proud to support them as a local charity, with a number of our colleagues committing time to become trained mentors and working to support a local girl or boy.

Colleagues also took part in the Sutton Park 10km run to raise money for the charity.

£7,000 raised for Birmingham Dogs Home through...

34 room bookings, resulting in multiple dogs adopted!

BOARD OF DIRECTORS

Xoserve is funded, governed and owned by the gas industry, with our Board consisting of eight Industry-nominated Directors, with an independent Chair.

Clare Spottiswoode
Chairman

Sarah Carroll
Network Nominated Director

Tina Sands
Network Nominated Director

Ian Radley
National Grid Transmission Nominated Director

Neil Shaw
iGT Nominated Director

Colin Rees
Shipper Nominated Director

Mike Hogg
Network Nominated Director

Yehuda Cohen
Network Nominated Director

Duncan Sedgwick
Network Nominated Director

Two members are nominated by the Gas Distribution Networks, one from National Grid's UK Transmission business, one from the Independent Gas Transporters (IGTs) and four members nominated by the Gas Shippers.

The Xoserve Board is chaired by Clare Spottiswoode.

EXECUTIVE TEAM

Sian Jones
Chief Executive Officer

Clive Nicholas
Chief Commercial Officer

Sandra Simpson
Chief People Officer

Ranjit Patel
Chief Strategy Officer

Andrew Szabo
Chief Customer Officer

Lee Foster
Chief Technology Officer

Vicky Palmer
Company Secretary

GOVERNANCE OVERVIEW

Funding arrangements and ownership

On 1 April 2017, Xoserve was appointed by the Gas Transporters as the gas industry's Central Data Services provider ('the CDSP'). The DSC parties provide the majority of Xoserve's funding, are consulted on Xoserve's Business Plan and Budget, and participate in governance meetings. They also have rights to appoint customer nominated Directors to the Xoserve Board. Specifically, the CDSP arrangements prohibit the distribution of profits to Xoserve's Shareholders.

Leadership

Xoserve is funded, governed and owned by the gas industry, with our Board consisting of eight Non-Executive Industry-nominated Directors, with an independent Chair. Two members are nominated by the Gas Distribution Networks, one from National Grid's UK Transmission business, one from the

Independent Gas Transporters (IGTs) and four members nominated by the Gas Shippers. The Board is chaired by Claire Spottiswoode.

The Board and its Committees

The Board has established a number of Committees to carry out specific duties. This allows the Board to operate more efficiently, concentrating on providing leadership and decision-making

for the business. We are dedicated to making sure that both the Board and its Committees are clear on their roles and are supported to give the correct level of attention and consideration to relevant matters.

Audit and Risk Committee

The Audit & Risk Committee, chaired by Mike Hogg, plays an important governance role on behalf of the Board, dedicated to giving assurance to the Board that internal control and risk management systems are reliable and that we report appropriately on financial performance. The Committee is appointed by the Board, with a minimum requirement of three Directors to be quorate. The Audit Committee, as a sub-committee of the Board, met four times during the year to oversee on behalf of the Board the Company Risk Management, Internal Audit and Statutory Audit activities.

Nominations Committee

The Nomination Committee, chaired by Neil Shaw, is made up of a minimum of three Directors, responsible for reviewing the long and short-term strategy and plans for succession of Chairman and CEO. In doing so, the Committee keeps under review the balance of skills, knowledge, experience and diversity across the Board and in these roles.

Remuneration Committee

The Remuneration Committee, also chaired by Neil Shaw, Meets, as a minimum annually, to agree CEO remuneration and review and approve proposed Executive remuneration. In addition, the Remuneration Committee considers succession planning for CEO and Executive roles to ensure appropriate focus on development of future Leadership capabilities.

Xoserve Limited
Lansdowne Gate
65 New Road
Solihull
B91 3DL

T: 0121 623 2189
E: contactxoserve@xoserve.com
W: www.xoserve.com

September 2020