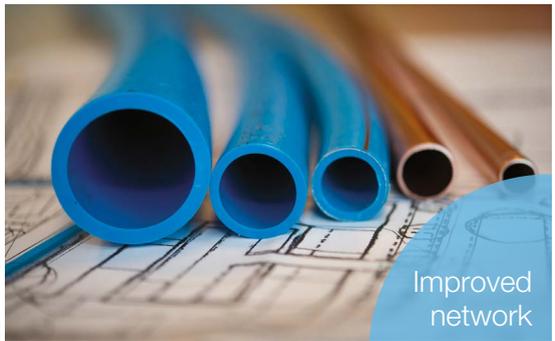
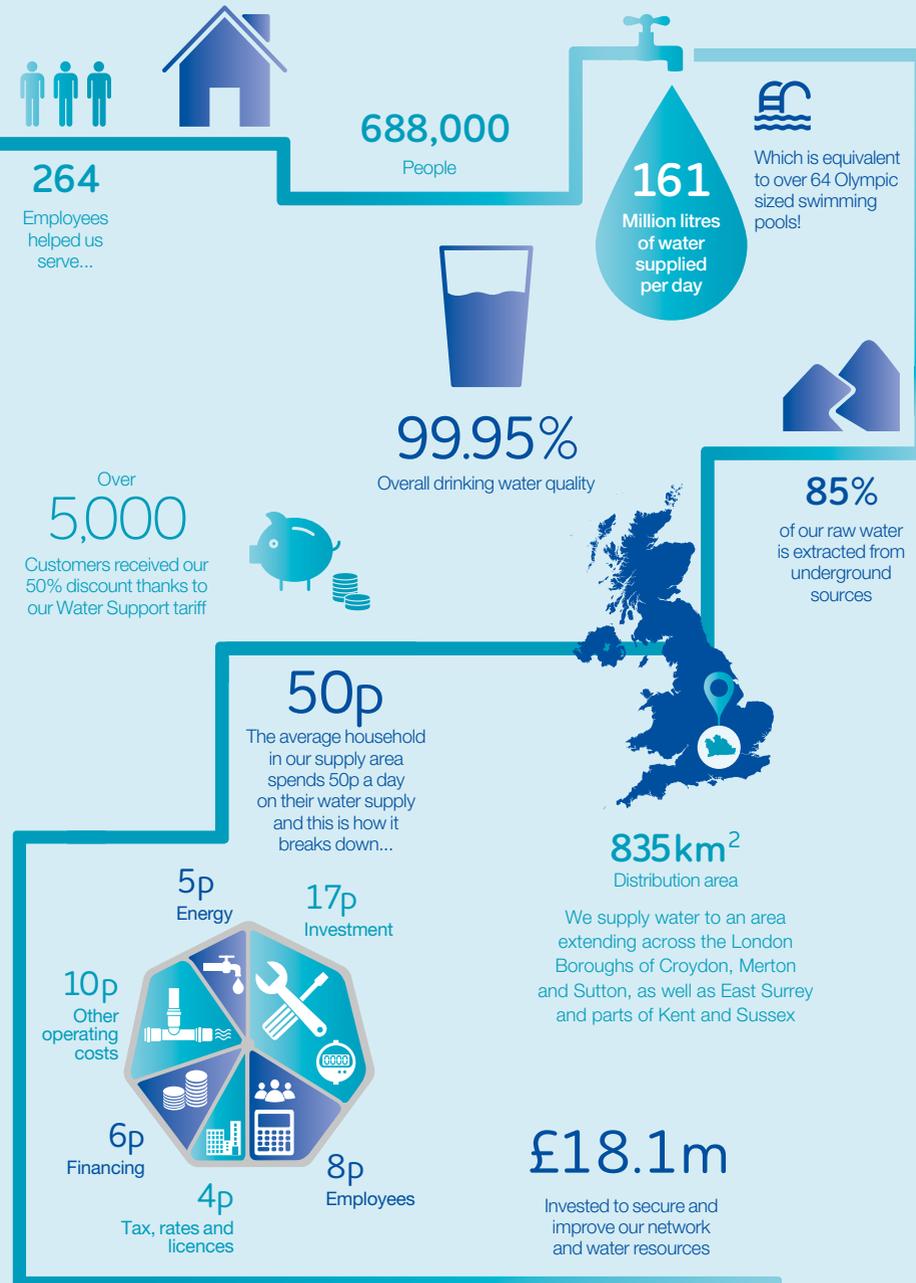


How we're doing against our promises



Performance report
summary 2016

This year...



Managing Director's welcome



To be an outstanding water company that delivers service excellence.

That's the vision we set ourselves as the new regulatory period got under way last April, and I am delighted to report that we have made sound progress in delivering the promises we made to our customers in our business plan for 2015-2020. There are some great achievements – and some areas where we need to place more focus to get to where we want to be.

In forming our plan we listened carefully to what our customers said were the key priorities that they wanted us to deliver. On the back of this we committed to meeting six key aims. Underpinning each aim is a set of performance measures with annual targets. In this leaflet I show you how our performance over the last year has measured up against these targets. If you would like to read a more in-depth account of our performance you can find our Annual Report 2016 on our website.



A new regulatory period brings fresh challenges and renewed focus on delivery.

In this leaflet I also introduce you to our values – the key characteristics and qualities all our employees are encouraged to display. I've selected a few examples that I feel show that these values, and delivering the commitments we have made, are at the heart of how the business operates. I would like to thank each and every employee for their contribution to our ongoing success.

I'd also like to take this opportunity to thank our Customer Scrutiny Panel. This independently chaired group brings together stakeholders that reflect the interests and expectations of our customers and includes regulators and those that have a customer's perspective to contribute. The group has provided valuable customer-focused feedback on our performance. It continues to give a broad range of ideas on where we can best devote our efforts to both meet our commitments and demonstrate this clearly to our customers and stakeholders.

I believe that together we have built the foundations for solid progress in the coming years and thank everyone for their dedication and commitment.

Anthony Ferrar
Managing Director

Keeping our promises to customers

Aim 1	MEASURES	PERFORMANCE IN 2016
To provide a reliable and sufficient supply of safe, high quality drinking water	Supply interruptions over 3 hours	6.3 minutes Target: 15.6 minutes
	Number of bursts	212 bursts Target: 290 bursts
	Overall water quality	99.95% Target: 100%
	Taste, odour and discolouration contacts	419 contacts Target: 350 contacts
	Water softening	Delivery on schedule Target: Deliver programme
	Security of supply index	100% Target: 100%

Aim 2	MEASURES	PERFORMANCE IN 2016
Offer good value for money and keep bills at a fair and reasonable level	Customers on our Water Support tariff	5,686 Target: 5,000
	Perception of value for money	9.0% Target: Less than 15% of customers dissatisfied
	Bad debt as a percentage of turnover	0.75% Target: Less than 1% of turnover

Aim 3	MEASURES	PERFORMANCE IN 2016
Increase the resilience of our network to drought, flooding and equipment failure	Water restrictions	0 Target: 0
	Building a more resilient network	36% Target: 36%

Aim 4	MEASURES	PERFORMANCE IN 2016
Deliver consistently high levels of service	Customer satisfaction with the water service	91.5% Target: 89%
	Quality of customer experience, as measured by Ofwat's Service Incentive Mechanism	Below industry average Target: Above industry average
	Number of complaints (per 1,000 properties)	10.0 Target: 7.4

Aim 5	MEASURES	PERFORMANCE IN 2016
Reduce our impact on the environment while seeking to make a positive contribution to its quality	Leakage (millions of litres per day)	24.17 Target: 24.40
	Environmental education programme	13,314 people Target: 8,000 people
	Customer usage reductions through metering	160.9 litres per person per day Target: 161.2
	Greenhouse gas emissions (kgCO ₂ eq/MI)	470 Target: 525
	Severe pollution incidents	2 incidents Target: Zero incidents

Overall Aim	MEASURES	PERFORMANCE IN 2016
Continue to be a well-run, respected and successful business	Employee satisfaction	77% Target: >70%
	Financial support to local charities	£9,010 Target: £8,750
	Health and safety (lost time incidents)	7 Target: 2
	Financial health	Achieved Target: Achieve budget

Our values in action

We put our customers first and take pride in our service delivery.



Service

They tweet, they email and they even write letters – but above all, our customer relations team members aim to impress with their response to correspondence and to deal with other enquiries and complaints effectively.

It's a tall order, not least because email and social media make it even easier for customers to get in touch – so they do! The four strong team routinely deals with around 100-200 emails a day as well as scores of Twitter messages and 10 or 20 letters.

The team's initial response is to telephone the customer, confirming that the letter or email has been received and promising that it will be attended to promptly. "This seems to work really well" said team leader Shelley. "Customers really appreciate the personal contact and feel reassured that their query is being dealt with". The team is also tasked with keeping up-to-speed with technological developments so we can continue to meet the demands of our increasingly technology-savvy customers.

We are accountable, ethical and trustworthy.

The Silver standard for Investors in People has been awarded to fewer than 600 organisations in the UK – and this year, Sutton and East Surrey Water joined that elite group of organisations.

Investors in People optimises business performance by championing best practice in people management. Company culture, employee engagement

and leadership were all put under the spotlight in a detailed assessment by external specialists and in-depth interviews with a cross-section of employees.

As a firm believer in improving performance through people we are delighted our approach to people management – including recent initiatives to promote the Company's vision and values – has been endorsed by such a highly-regarded industry standard.

At just eleven points away from achieving the Gold standard we are left with something to aim for in the future.



Integrity

We seek to improve our business to be forward thinking and to embrace change.



Innovation

Employees are invited to participate in our ERIC scheme – Employee Realistic Ideas Capture – which looks to employees to come up with ideas that improve efficiency, equipment or working conditions. A clever idea to prolong the life of the pipework and pumps at Cheam water treatment works won the Company's annual award for 2016.

Our Innovation Manager has also been hard at work in his first year in the role as we seek to put innovation at the centre of everything we do. A new cutting-edge mobile working solution with much

enhanced capability and improved Geographic Information System (GIS) functionality went live. It has enabled employees working in the field to share much more information about a job by, for example, transmitting photographs back to the office. This has improved decision-making and is one of the tools we are using as we move towards smarter real-time water management. This was just one of 17 IT improvements implemented over the year.

We are passionate about our work, act responsibly and care about quality.

A burst main deep in ancient woodland once owned by William the Conqueror tested our Wholesale Services team to the limit. At 2.37am on 10 March 2016 our operational team discovered that the water level in one of our service reservoirs was dropping unexpectedly quickly. A torch-lit search of dense woodland resulted

in the team finding the cause – water gushing from a burst 9" main.

With the ground underfoot saturated and no obvious vehicle access, it certainly wasn't going to be an easy fix and over a thousand properties were at risk of losing their supply within hours. Given the location, there was nothing for it but to dig down to the main by hand. It was hard going for the repair team in dreadful conditions but by 2pm the repair was complete. The reservoir immediately began to refill and everyone's quick response meant



Commitment

that no customers suffered an interruption to their supply.

The incident was a fantastic example of our values – customers were not disturbed by any noise or inconvenience and the repair was completed and supplies maintained through the commitment of all involved.

We are respectful, welcome diversity and are supportive of each other to achieve our goals.

Collaborating to achieve excellent customer service has been the focus of management training and development this year. Just one example of this in action is the Company's meteoric rise in the league table for services to developers seeking new connections to our water mains.

By March 2016 we had reached 2nd place out of 18 water companies in the industry published levels of service rankings. We achieved 99.5% compliance with the standards of service we promised developers.

This is a huge improvement on our result earlier in the year which saw us languishing at the bottom of the table. It has been a great team effort from our employees, delivery partners and customers. We have focused on understanding the needs of developers by working in collaboration with them and having good two-way communications. We have then used this valuable customer insight to improve our processes and the results can be seen in our move up the industry rankings.



Collaboration

We care about the effects of our actions and seek to make a positive impact on the community.

We are proud to have served the community for over 150 years. We aim to make a valuable contribution to the community and support those in need.

This year saw the official launch of our Water Support tariff aimed at helping those in serious financial hardship by providing a discount

on their water bill. Our customer relations team have been out-and-about talking to customers and helping those that qualify to apply. Here are just a couple of examples of the conversations they've had.

A mother and full-time carer for a disabled son was absolutely delighted when she found out she qualified: "My son loves to play and bathe in water as it soothes his disability, so it's really reassuring to know that financial help is available to reduce our water bill. The application form was very straight forward and I found out within two weeks that

I qualified for the scheme". Our presence at the Belfry Shopping Centre in Redhill was well received with one customer who found out they qualified for a reduction in their bill declaring "I want to hug you I'm so grateful. You rarely hear of help like this being available".



Compassion