



Water clarification process and carbon addition at Derg water treatment works, County Tyrone.

Corporate governance



Chair’s welcome

I am pleased to present the Corporate Governance Report for 2024/25. This report describes the key features of NI Water’s corporate governance structure to support the long-term sustainable success of NI Water, generating value for all our stakeholders. The report also outlines compliance with the relevant provisions given NI Water Limited’s status as a Government Owned Company under the Companies Act 2006 and as a Non-Departmental Public Body (NDPB) sponsored by DfI. The Board is committed to best practice corporate governance and delivering what matters for all our stakeholders.

Details on how the Board understands the views of stakeholders and how their interests and the matters set out in section 172(1) of the Companies Act 2006 have been considered in the Board’s discussions and decision making are set out on page 176.

Putting back more than we take out

Our Strategy (2021-46) is designed to make Northern Ireland a more healthy, sustainable, and prosperous place in which to live. Our business invests to meet the needs of current

and future generations. The strategy centres around five strategic priorities, which set out how we will deliver our purpose and vision:

Customer -	delivering an exceptional customer experience;
Water -	delivering great tasting, clean and safe water to meet customer need;
Economy -	efficiently delivering infrastructure to underpin sustainable growth;
Nature -	protecting and enhancing the natural environment; and
People -	providing a great place to work.

Our Purpose

To provide the water for life we all rely on to thrive.

Our Vision

To grow **value** and **trust** by being **world-class**

Corporate governance



Respect Give it, get it, live it	Excellence Better, stronger, together	Customer Delivering for you	Integrity Do the right thing	Sustainability Build tomorrow's future today
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Our purpose, vision, and values

Our purpose is why we exist as an organisation –to provide the water for life we all rely on to thrive. Our purpose is underpinned by our vision to grow value and trust by being world class.

NI Water’s strategic priorities focus on sustainably growing all forms of capital (natural capital, social capital, intellectual capital, human capital, manufactured capital, and financial capital), with an emphasis on putting back more than we take out. Our priorities provide a framework to support best practice corporate decision making (integrated thinking across the capitals and natural capital accounting), corporate reporting (integrated reporting across the capitals) and corporate governance.

Our Values provide the cultural framework to support achievement of our purpose and vision. Through living these values every day, we are committed to the highest standards of behaviour in how we do business, fostering a stronger, more united workplace.

As a proud winner of the prestigious Best Employee Experience Programme Award 2025, from the CIPD, our people are central to everything we do. It is only with a motivated, safe and healthy workforce that we can deliver exceptional standards of customer service. We do this through

the creation a supportive and empowering culture, the implementation of impactful, effective and sustainable programmes to promote employee participation in shaping the company’s future and delivering a variety of innovative people practices that have supported employee participation and good working lives.

Monitoring the health of our corporate culture involves regular analysis and interpretation of evidence and information gathered from a range of sources. In 2022, we engaged a new expert culture and engagement partner, Gallup, to help design and deliver a new holistic listening strategy across NI Water to gather the voice of the employee and develop our ability to measure what it is like to work here. Following the success of our cultural analysis and the encouraging results of our NI Water Unplugged Survey in 2023, we have trained all our people managers and senior leaders on how to understand their survey results at team-level, in partnership with Gallup. We have helped them understand their role in driving employee engagement and meaningfully planning to improve the working lives of their teams. These vital skills are enabling our leaders and managers to create healthy cultures within their teams.



Corporate governance

Stakeholder engagement

Our strategy and PC21 Business Plan were co-developed with our stakeholders to ensure that customers are right at the heart of everything we do.

Details on how the Board understands the views of stakeholders and how their interests and the matters set out in section 172(1) of the Companies Act 2006 have been considered in the Board's discussions and decision making are set out on page 176. The Board keeps these engagement mechanisms under review to ensure that they remain effective.

The Board draws on the following to ensure there is robust engagement with the workforce: the results of employee surveys and action plans; Board and Executive Committee engagement sessions; consultation with the Trade Unions; encouraging involvement of employees in business performance through a regulatory performance delivery mechanism; and the work of around 30 employee champions from different parts of the business.

Compliance statement

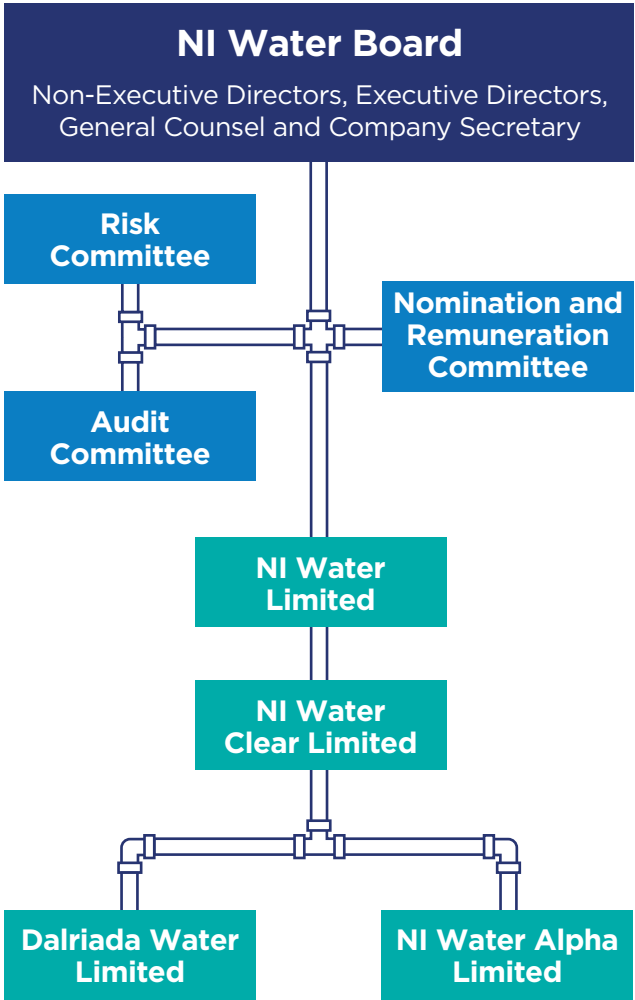
The Board has taken into consideration the governance arrangements established between NI Water Limited and its sole Shareholder DfI through the Partnership Agreement and the relevant governance provisions in the Department of Finance (DoF) guidance entitled 'Managing Public Money Northern Ireland' (MPMNI).

The Board considers that, during the year and up to the date of this report, NI Water has complied with the main principles of corporate governance that apply to NI Water as set out within the Partnership Agreement, and which are practical for a Government owned Company. NI Water seeks to emulate best practice corporate governance arrangements as set out in the 'UK Corporate Governance Code' and the Partnership Agreement draws on the same but also draws on 'Corporate Governance for Central Government Departments: Code of Best Practice Northern Ireland' (Governance Code). However, it should be noted that the Company's commercial freedoms are restricted by the constraints of the public expenditure system and the provisions set down in the Partnership Agreement and consequently NI Water is not able to comply with all aspects of the UK Corporate Governance Code, nor is it required to. This includes the arrangements for appointment and termination of Board Members and their remuneration.

Corporate governance

Board and Executive Committee

The Board and Executive Committee structure is shown below:



Principal Subsidiary Undertakings	Principal Activity
NI Water Clear Limited	Holding Company
NI Water Alpha Limited	Operation and maintenance of clean water treatment facilities
Dalriada Water Limited	Construction and financing of clean water treatment facilities

Operation of the Board

The Board has considered the status of the Non-Executive Directors over the year and considered them to be independent in character and judgement.

A Board Effectiveness Review was carried out during 2023/24 by an external provider at the Board's request. A number of actions arising from the review continue to be taken forward.



The operation of the Board and its responsibilities are outlined in the Partnership Agreement: <https://www.niwater.com/media/kagfqcsa/partnershipagreementbetweendfiandniwaternov2022final.pdf>

Corporate governance

Summary of Board activity

The Board activity over 2024/25 is summarised below:

		Cross reference
Strategy	• Reviewed progress against delivery of the Strategy (2021-46) through monthly updates from the Executive Committee on the strategy pillars;	Page 28
	• Reviewed progress on the delivery of the Climate Change Strategy including compliance requirements with TCFD and voluntary disclosures under TNFD;	Page 102
Governance	• Reviewed the corporate risks and the risk appetite;	Page 76
	• Reviewed the effectiveness of the risk management system and reviewed the effectiveness of the internal control systems;	Page 165
	• Reviewed the terms of reference for the Audit, Risk, Nomination and Remuneration committees;	Page 160
	• Reviewed developments in corporate governance;	Page 160
	• Reviewed the External Auditors' performance;	Page 160
Business performance	• Approved the Annual Integrated Report and Accounts for 2024/25;	Page 160
	• Approved the Regulatory Accounts and the Annual Information Return for 2024/25;	Page 160
	• Approved the going concern and long-term viability statements;	Page 160
	• Monitored the delivery of the Annual Operating Plan and Budget for 2024/25;	Page 160
	• Approved the Annual Operating Plan and Budget for 2025/26;	Page 160
Employees	• Reviewed the health, safety and wellbeing activities and considered health and safety incidents involving employees and contractors as well as the Health and Safety Strategy to reinforce the zero harm ambition;	Page 72
	• Discussed the results of the employee surveys. Reviewed and endorsed the action plan to address areas for improvement and the workforce engagement mechanisms to ensure an accurate representation of employees' views are provided to the Board;	Page 73
	• Reviewed the work being taken forward on the Group wide equality, diversity and inclusion policy;	Page 184
Stakeholders	• Undertook regular engagement with the Shareholder and key stakeholders through the Water Senior Steering Group, the Outputs Review Group and other stakeholder sub-groups and meetings; and	Page 177
	• Undertook half-yearly meetings with senior Shareholder representatives.	Page 177

Corporate governance

Board committees

A committee structure is in place to assist the Board in the discharge of its responsibilities. The terms of reference for each Committee and the terms and conditions of appointment of Non-Executive Directors may be obtained on written request from the Group Company Secretary at the address given on the back cover of this report. The membership of the Board Committees is set out below:

Committee	Membership
Audit Committee	Maurice Bullick, OBE (Chair)
	Paddy Larkin
	Danny McSorley
Risk Committee	Belinda Oldfield (Chair)
	Marie-Thérèse McGivern
	Paddy Larkin
Nomination and Remuneration Committee	Marie-Thérèse McGivern (Chair)
	Belinda Oldfield
	Danny McSorley

Corporate governance

Board member biographies

Non-Executive Directors



Jo Aston - Chair

Appointed: April 2024

Jo Aston was appointed Chair in April 2024. Jo is a Chartered Civil Engineer who has worked in both the private and public sectors with experience in all aspects of the utility business.

While employed by the Economic Utility Regulator for Northern Ireland, she led the reform of both Water and Energy Sectors.

She brings her experience in roles such as Director of Water Regulation, Director of Wholesale Energy Markets, Managing Director of the Electricity System Operator for Northern Ireland.

Mrs Aston is currently a Non-Executive Board Member and Chair of the Audit and Risk Assurance Committee for The Department of The Executive Office.



Danny McSorley

Appointed: April 2024

Danny McSorley was appointed as Non-Executive Director in April 2024. He is a Chartered Civil Engineer and brings to the Board over twenty years strategic leadership experience in Central and Local Government.

He is a former Chief Executive of Rivers Agency and Strabane and Omagh District Councils. He has more recently served as Independent Chair of the Safety Technical Group which advised the Department for Communities on the spectator safety aspects of the Stadia Programme.

Mr McSorley is currently a Non-Executive Director of the Strategic Investment Board for Northern Ireland.



Paddy Larkin

Appointed: February 2020

Patrick is an Engineering Graduate from Queen's University Belfast. Since 2010 he has been Chief Executive of Mutual Energy Ltd. He was previously Chief Executive of Premier Power, a subsidiary of the BG Group and owner of Ballylumford Power Station and spent time in Engineering and Commercial roles in the Company.



Belinda Oldfield

Appointed: February 2020

Belinda is a Fellow of the Institution of Civil Engineers (ICE). She has over 30 years' experience in the water industry in Scotland and retired from Scottish Water in 2022. Ms Oldfield is a Non-Executive Director with Scottish Government, and a member of the Corporate Board and the Audit and Assurance Committee. She is also a member of the University of Strathclyde Court and the Audit and Risk Committee.



Marie-Thérèse McGivern

Appointed: February 2020

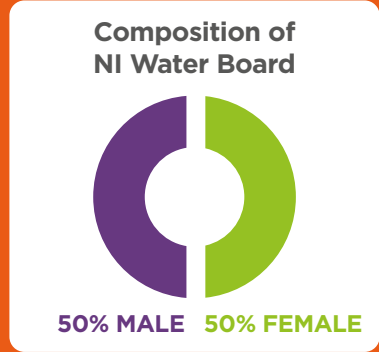
Marie-Thérèse recently served as Principal and Chief Executive of Belfast Metropolitan College. Prior to that, she was Director of Development at Belfast City Council where she was responsible for economic development, arts, tourism, events and community services. She retired as Chair for the Employability and Skills Advisory Board for the £10bn Belfast Region City Deal in June 2024 and also retired as Chair of Maritime Belfast in November 2024. She is a Non-Executive Director of the Strategic Investment Board for Northern Ireland.



Maurice Bullick, OBE

Appointed: February 2020

Maurice is a Fellow of Chartered Accountants Ireland and is currently Finance and Compliance Director of Belfast Harbour Commissioners. He is Honorary Treasurer and Council Member of the British Ports Association, and a former Co-Opted Member of the NI Water Audit and Risk Committees.



Corporate governance

Board member biographies

Executive Board Members



Dr Sara Venning
Chief Executive

Appointed: May 2010

Dr. Sara Venning is the Chief Executive of Northern Ireland Water, a role she has held since 2014. Since joining the organisation in 2010 as Director of Customer Service Delivery, she has led a transformation focused on operational excellence, innovation, and customer-centric service.

Sara is a passionate advocate for continuous improvement and sustainability in the water sector. She has played a key role in shaping the strategic direction of NI Water, driving initiatives that enhance infrastructure resilience, environmental stewardship, and digital transformation.

She is a former President of the Institute of Water, the UK's professional body for the water industry, and currently serves as President of the WaterAid NI Committee. In this role, she supports global efforts to improve access to clean water, sanitation, and hygiene in some of the world's most vulnerable communities.

Sara holds a Master's degree in Electrical and Electronic Engineering from Queen's University Belfast.



Ronan Larkin
Finance, Regulation and Commercial Director

Appointed: September 2005

Ronan is the Finance, Regulation and Commercial Director and a member of the NI Water Executive Committee. He is a director of the Alpha group of companies at NI Water. He is responsible for financial, economic regulatory and commercial matters at NI Water. Ronan is a Fellow of The Institute of Water, and its President in Ireland. He has previously held commercial and financial roles in various organisations in the UK and Ireland.



Mark Ellesmere
General Counsel and Company Secretary

Appointed: June 2006

Mark is General Counsel and Company Secretary and a member of the NI Water Executive Committee. He is responsible for all legal matters impacting on the organisation including NI Water's in-house legal function as well as external advisors instructed on behalf of NI Water.



Stephanie McCullagh
Director of Customer and Operations

Appointed: September 2023

As the Director of Customer and Operations, Stephanie is responsible for water and wastewater services together with all aspects of customer service delivery. Stephanie joined DRD Water Service in 1996, is a chartered member of the Institution of Civil Engineers and has held a number of senior positions in NI Water across Engineering, Business Improvement and Customer and Operations.



Corporate governance

Executive Committee Member biographies

Executive Committee Members



Alistair Jinks
Director of Business Services

Appointed: April 2017

Alistair's experience in managing business change across a number of sectors, including telecoms, manufacturing and retail, has helped NI Water to deliver improvements in our service and efficiency levels. Having joined NI Water in 2006 Alistair now heads up Business Improvement and Corporate Affairs.



Rose Kelly
Director of People and Learning

Appointed: January 2018

Rose has an extensive and varied background in HR, people development, corporate social responsibility and business; she is a graduate from Queen's University Belfast and also has a Diploma in Human Resource Management from the University of Ulster and a Master's degree in Law and Employment Relations from the University of Leicester. Rose previously worked in the Equality Commission and also technology sector where she was Vice President and Chief Administrative Officer. Rose has led a range of award-winning people and management strategies and is well placed to help us bring an even greater focus on our people and teams - helping all colleagues develop and flourish.



Tzvetelina Bogoina
Director of Infrastructure Delivery

Appointed: September 2023

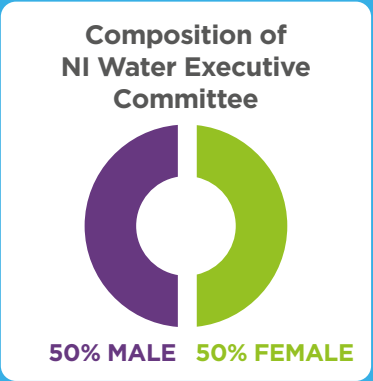
Prior to joining NI Water, Tzvetelina was Capital Programme Director in the Strategic Investment Board with leadership responsibility for the delivery of transformative major capital investments in the public sector. Tzvetelina previously worked as Development Director at Balfour Beatty Investments and has over 15 years' experience across key commercial, governance and financial aspects of developing major public infrastructure, regeneration and property investment projects in UK and Europe.



Dr Gary Curran
Director of Engineering and Sustainability

Appointed: September 2023

Following graduation from Queen's University Belfast Gary undertook a research role to develop the operating strategy for the new Lagan Weir before gaining his PhD. He then moved to a local consultancy firm for a period before joining NI Water 32 years ago. Gary started his career in DRD Water Service's Design Group before transferring into Customer and Operations, ultimately with responsibility for the Developer Services, Metering and Billing Teams. Outside of NI Water Gary has been the Secretary for the Institute of Civil Engineers and is currently a Director in UKWIR and a Trustee for the NI Water Pensions Scheme.



Corporate governance

Length of service

The time served by Board members is shown below:

	Length of service as at 31 March 2025 (full years)	Date of appointment	Date of cessation
Jo Aston	1	1 April 2024	31 March 2028
Paddy Larkin	5	1 February 2020	31 January 2028
Belinda Oldfield	5	1 February 2020	31 January 2028
Marie-Thérèse McGivern	5	1 February 2020	31 January 2028
Maurice Bullick, OBE	5	1 February 2020	31 January 2028
Danny McSorley	1	1 April 2024	31 March 2028
Dr Sara Venning	14	21 May 2010	n/a
Ronan Larkin	19	19 September 2005*	n/a
Mark Ellesmere	18	26 June 2006*	n/a
Stephanie McCullagh	1	1 September 2023	n/a

*Service pre-1 April 2007 is in respect of DRD Water Service.

Corporate governance

Meetings

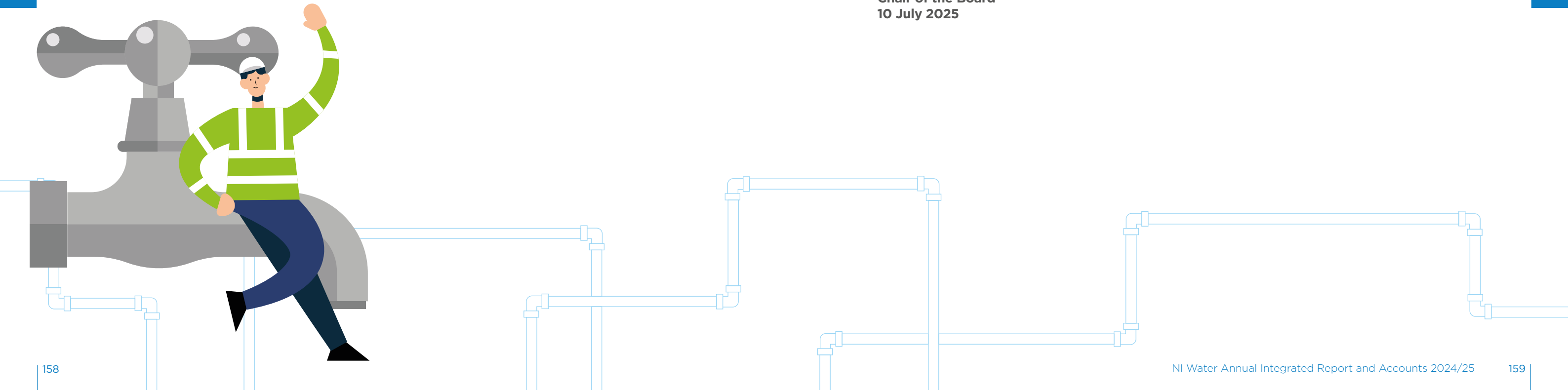
Details of the Board and Board Committees' meetings attended by each Director during 2024/25 are shown below:

	Board meeting			Audit Committee			Risk Committee			Joint Audit Committee and Risk Committee			Nomination and Remuneration Committee		
	Held*		Attended	Held*		Attended	Held*		Attended	Held*		Attended	Held*		Attended
	Total	Available to attend		Total	Available to attend		Total	Available to attend		Total	Available to attend		Total	Available to attend	
Jo Aston	11	11	11	-	-	-	-	-	-	-	-	-	-	-	-
Paddy Larkin	11	11	11	4	4	4	4	4	4	1	1	1	-	-	-
Maurice Bullick, OBE	11	11	10	4	4	4	-	-	-	1	1	1	-	-	-
Belinda Oldfield	11	11	11	-	-	-	4	4	4	1	1	1	4	4	4
Marie-Thérèse McGivern	11	11	11	-	-	-	4	4	4	1	1	1	4	4	4
Danny McSorley	11	11	11	4	4	4	-	-	-	1	1	1	4	4	4
Dr Sara Venning	11	11	11	4	4	4	4	4	4	1	1	1	4	4	4
Ronan Larkin	11	11	11	4	4	4	4	4	4	1	1	1	-	-	-
Mark Ellesmere	11	11	10	4	4	3	4	4	4	1	1	1	4	4	4
Stephanie McCullagh	11	11	11	-	-	-	4	4	4	-	-	-	-	-	-

*This does not include ad hoc Board meetings during the year on specific items.



Jo Aston
Chair of the Board
10 July 2025



Report by Chair of the Audit Committee



The Audit Committee monitored the integrity of financial reporting together with NI Water’s formal announcements relating to its financial performance, paying particular attention to significant reporting judgements and assumptions contained therein. The Audit Committee provided oversight on the effectiveness of financial risk management and its associated controls, reviewed the effectiveness of NI Water’s fraud prevention, theft, speak up (whistleblowing) and anti-bribery policies, conflict of interest, fraud awareness training and the effectiveness of investigations.

The Audit Committee met with the Risk Committee to consider the Internal Audit’s Annual Assurance Statement, principal and emerging risks and the effectiveness of NI Water’s internal control and risk management system.

Significant matters

The significant matters that the Audit Committee considered in relation to the financial statements, and how these issues were addressed, are listed below:

- Risk relating to financial funding: the Audit Committee was kept updated during the year on the funding position for 2024/25, including gaps in both Resource DEL and Capital DEL allocations compared to NI Water’s 2024/25 Operating Plan and Budget, which was based on PC21 Final Determination. The Committee was also kept appraised of the proposed Operating Plan and Budget for 2025/26, ongoing liaison with DfI and funding arrangements over the PC21 period;
- Going concern: the Audit Committee was briefed on the loan note instrument and the working capital facility in place to the end of PC21, ongoing communications with DfI in relation to securing appropriate funding for 2025/26 to enable NI Water to comply with its regulatory and statutory duties and secure the continued provision of water and wastewater services and the going concern disclosures;
- Long-term viability statement: the Audit Committee was regularly briefed on the management of the long-term viability for NI Water as reported in the statement, including the scenarios being considered, the impact of each of the scenarios and the conclusion on viability;
- Sustainability reporting: the Audit Committee was regularly briefed on developments in sustainability reporting, including the disclosures for the TCFD and TNFD frameworks, multi-capitals reporting, the Climate Change Act (NI) 2022 and the IFRS Sustainability Disclosure Standards;
- Subsidiary companies and consolidation: the Audit Committee considered the appropriate accounting treatment on the consolidation of the subsidiary companies. This included fair value accounting; the value and treatment of goodwill in the Group accounts and the treatment of the PPP contract in Dalriada Water Limited’s accounts;
- Exposure to financial risks from its use of financial instruments;
- Corporate governance and reporting reform: the Audit Committee was briefed on the new FRC Corporate Governance Code and developments in non-financial reporting; and
- Claims: the claims level and treatment of claims from contractors were monitored during the year with additional information sought from management as appropriate.

External Audit

Following a competitive tendering exercise, KPMG were reappointed as external auditors. The external audit contract runs from November 2024 for three years with the option to extend for a further three years. The Audit Committee recommended the reappointment to NI Water Board for approval. The first set of accounts signed by the current audit partner, Dominic Mudge, was for the year ended 31 March 2023.

The Audit Committee met with the External Auditors at least four times in the year. The Committee and the External Auditors also held separate meetings without the attendance of executive management. In their assessment of the independence of the External Auditors,

Report by Chair of the Audit Committee

the Committee received, in writing, details of relationships between the External Auditors and NI Water, which may bear on the External Auditors’ independence and received confirmation of this independence. The Audit Committee approved the level of the External Auditors’ fees in respect of the audit of the Statutory and Regulatory Accounts of the Group and subsidiaries, considered the adequacy of the External Auditors’ proposed audit plan, and reviewed compliance with their letter of engagement.

During the year, the Audit Committee undertook a review of the effectiveness of the External Auditors. The review considered the qualifications, expertise, resources, and independence of the External Auditors.

The Audit Committee is satisfied that the service provided by the External Auditors remains effective. Non-audit services such as independent certification work are pre-approved as a matter of policy. Other non-audit services, which are considered to have the potential to impair or appear to impair the independence of the audit role, are precluded from being provided by the External Auditors.

Refer to Note D1 to the Statutory Accounts for the fees relating to audit and non-audit services. Non-audit services provided during 2024/25 were £14k (2023/24: £12k) in relation to subsidy assurance review.

Internal Audit

The Audit Committee approved the Internal Audit Strategy and Plan, which taking a risk-based approach includes reviews of corporate governance, risk management, cyber security, strategic planning and other key financial, operational and business processes. The Committee also monitored completion of the 2024/25 audit plan. The Head of Internal Audit provided a progress report to each Audit Committee meeting, which included an overview of audit review findings, follow up status of recommendations and summary of any advisory activity.

The Head of Internal Audit met with the Chair of the Audit Committee without management to discuss NI Water’s overall control environment and as Chair of the Audit Committee, I have satisfied myself that Internal Audit has sufficient resources through those discussions. The Audit Committee assessed the safeguards in place to protect the independence of the Internal Audit Function and the Head of Internal Audit.

These safeguards include the Head of Internal Audit having a primary reporting line to the Chair of the Audit Committee. In addition, the Internal Audit Charter, approved by the Audit Committee, provides the mandate, authority, scope, and responsibilities for the function. The mandate provides that there are no restrictions placed on the scope of Internal Audit’s work and gives authority for Internal Audit to access any assets, records and personnel as required.

During 2024/25 the Audit Committee monitored actions being taken by the Head of Internal Audit to ensure readiness for adoption of the new Global Internal Audit Standards (GIAS), effective from January 2025. In accordance with the International Professional Practice Framework (IPPF) and GIAS, the Head of Internal Audit provided an annual self-assessment of the function’s performance to the Audit Committee. In addition, an External Quality Assessment of the Internal Audit function is completed at least once every five years. This was last completed by the Chartered Institute of Internal Auditors in February 2021, concluding that the Internal Audit function was in full conformance with the International Professional Practices Framework and associated Standards of the Institute of Internal Auditors.

The Committee evaluated the annual cycle of reports considered by the Committee and was content that it has fulfilled its function as provided for in the Audit Committee’s terms of reference, as approved by the Board.

As Chair of the Audit Committee, I provided a report to the Board after every Audit Committee meeting and the minutes of each meeting are circulated with Board papers.

Maurice Bullick, OBE
Chair of the Audit Committee
10 July 2025

Report by Chair of the Risk Committee



The Risk Committee provides oversight on NI Water’s risk and resilience management framework to protect and create value. The purpose of this report is to provide an insight into the work of the Risk Committee over the last year.

The Committee met on a quarterly basis and reviewed the risk management system and processes, the progress in managing the corporate threats and opportunities towards the risk appetite, and the effectiveness of internal controls and resilience measures.

The Committee also considered emerging risks and their potential impact to NI Water; benchmarking of threats and opportunities; and the management of actions to reduce NI Water’s risk exposure to an acceptable level and to maximise the benefits from opportunities.

Significant matters

The significant matters that the Risk Committee considered over the financial year are listed below:

- Risk governance: over the financial year, the Risk Committee considered significant threats and opportunities to achieving strategic priorities for 2024/25 and emerging risks going forward. This included health and safety; funding, human resources including recruitment and wellbeing; quality and security of water supply; cyber risks and data security; business continuity and major incident management; asset resilience; climate change, winter resilience, innovation, reputation and branding and environmental management.
- Corporate threat and opportunity management: the Risk Committee considered the proposed corporate threats and opportunities at the start of the financial year and recommended these for Board approval. Summary risk maps with clear controls and actions to improve resilience and achieve the benefits from the opportunities were presented to the Committee on a quarterly basis. The Committee reviewed the completion of actions and the effectiveness of controls.

A corporate threat and opportunity management report was included in the Chief Executive’s report to the Board monthly. One principal threat (Water quality and supply) had an increase in the threat level over 2024/25 (page 85) due to factors such as blue-green algae in Lough Neagh and high demand events and actions are in place to manage this risk. Overall,

three out of nine Principal Risks (Funding, Wastewater and Climate Emergency) are at the highest level of threat.

Funding is an issue which is cascading across other Principal Risks. NI Water initially made strong progress under PC21 with full funding, but a growing shortfall has now made full delivery unachievable. The inability of stakeholders to agree revised delivery targets has led to the risk of regulatory and statutory non-compliance, creating a material uncertainty over the company’s going concern and future viability. While other UK and Irish water companies increase investment, NI Water’s funding model is failing to deliver the required investment and highlights the urgent need for sustainable, long-term funding aligned with the PC21 requirements. NI Water continues to work with DfI and the Utility Regulator to make the case for the funding determined by the independent Utility Regulator and supported by a financial risk mechanism to reduce the threat of adverse impacts on customers. In the meantime, NI Water ensures that the implications on the delivery of our services because of funding constraints are fully analysed, mitigated where possible, and communicated to the public in a clear and responsive manner. Decisions on the funding model are a matter for Government Ministers. Further details on the availability of public expenditure funding are contained at page 201.

Report by Chair of the Risk Committee

- Risk appetite: the Risk Committee monitored the progress towards the Board’s agreed risk appetite for the risk themes. A six-monthly update is provided to the Risk Committee, and an update is provided to the Board. A Board risk appetite workshop took place in February 2025 to benchmark and review the Board’s approach to risk appetite and refresh the risk themes.
- Emerging risks: details of emerging risks are contained on page 76. Identification of emerging risks is based on local and global research. Developments and incidents were reported to the Risk Committee along with details of mitigating steps being taken and further action to improve resilience. The emerging risk landscape has been analysed across a variety of areas including political, economic, sociological, technological, environmental, and legal and regulatory. We continue to work with stakeholders on the implications of key external risk factors that are beyond the control of NI Water, such as public sector funding, the impact of inflation on costs and lead times in the supply chain. We also identify steps needed to improve service and financial resilience (refer to the long-term viability statement on page 170). NI Water continues to take steps to manage emerging risks through horizon scanning.
- Sustainability: the Risk Committee received updates regarding NI Water’s engagement with Government, business partners and community partnerships to create further opportunities to work on a collaborative basis to respond to the climate emergency, restore the natural environment and benefit wider society. These activities are reported in other sections of the Annual Integrated Report.
- Business resilience: the Risk Committee received updates on business continuity management, emergency and major incident management and IT disaster recovery plans. This included an update on the plans put in place over the summer and winter months to minimise any disruption to service because of severe weather incidents.
- Insured risks: the Risk Committee received an update on the insurance programme for operational and construction activities, including the linkage to corporate risks, the annual insurance renewal and insurance market engagement.
- Risk training and awareness: risk and resilience training and workshops and risk map meetings were held throughout the year.
- Risk research, development, and innovation: the Risk Committee is encouraged by NI Water’s involvement in research activities in governance, risk and resilience management. NI Water participates in risk research, development and innovation through a range of channels including insurer funded risk bursaries, the Water Sector Insurance Special Interest Group hosted by the Association of Insurance and Risk Managers in Industry and Commerce (Airmic), the Water Sector Risk Managers Forum and the Northern Water Business Continuity Forum.

A joint meeting between the Risk Committee and Audit Committee was held to review the Principal Risks on page 76 and the effectiveness of NI Water’s internal control and risk management framework. The Board was satisfied with the content of the Chairs’ reports included within the Annual Integrated Report and Accounts.

The Committee evaluated the annual cycle of reports considered by the Committee and was content that it has fulfilled its function as provided for in the Risk Committee’s terms of reference. An update is provided to the Board.

Belinda Oldfield
Chair of the Risk Committee
10 July 2025

 Refer to the Directors’ remuneration report on page 180 in relation to the work of the Nomination and Remuneration Committee.

Governance Statement

Introduction

The Governance section on pages 144 to 189 sets out the role of the Board and the assessment of its effectiveness in discharging its responsibilities. MPMNI requires a 'Governance Statement' to be included in the Annual Integrated Report and Accounts. Given that some of the compliance requirements have already been included in the Governance section, the Governance Statement should be read in conjunction with this section. The Governance Statement forms part of the audited financial statements.

Statutory, regulatory and NDPB context

NI Water Limited is a regulated Government owned company and is therefore required to comply with a range of statutory, regulatory, and NDPB related responsibilities. These responsibilities include those under the Companies Act 2006, the Water and Sewerage Services (Northern Ireland) Order 2006, the Licence granted by the Utility Regulator and relevant governance provisions in MPMNI. The full remit of responsibilities is set out in the Corporate Compliance Framework, which is monitored by the Board. The Directors can be held jointly and personally liable for failure to comply with many of these responsibilities.

Scope of responsibility for the Chief Executive and Accounting Officer

The governance arrangements established between NI Water Limited and its sole Shareholder DfI are set out in the Partnership Agreement. NI Water seeks to emulate best practice corporate governance arrangements as set out in the 'UK Corporate Governance Code' and the Partnership Agreement draws on the same but also draws on 'Corporate Governance for Central Government Departments: Code of Best Practice Northern Ireland' (Government Code).

As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NI Water's purpose, vision, and strategic priorities. I am also responsible for safeguarding the public funds and the Group's assets for which I am personally responsible, in accordance with the

responsibilities assigned to me in the Partnership Agreement.

The governance arrangement complies with the best practice standards of regularity and propriety in the use of public funds and the principles of MPMNI. NI Water's Annual Budget and Operating Plan is submitted to DfI for approval. DfI regularly reviews the Group's performance.

The work of the Group is directed by its Board and Executive Committee. There is a comprehensive reporting and accountability system provided through the Executive Committee, Board, and sub-committees of the Board who, together with the work of Internal and External Audit, support me in my role as Chief Executive and Accounting Officer.

Governance framework

The system of internal control is designed to manage threats and opportunities to a reasonable level, and to achieve the Group's purpose, vision, and strategic priorities. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is supported by an integrated risk and resilience management framework to provide an ongoing process to identify and prioritise the risks to the achievement of the strategic priorities, to evaluate the likelihood and the impact should they be realised, and to manage them efficiently, effectively, and economically. The leadership team also considers opportunities for making improvements over the year to achieve better outcomes for our customers, further community engagement to improve sustainability and creative ways to promote health and wellbeing of our colleagues and business partners.

The Group's Integrated Governance Framework, supported by the Integrated Risk and Resilience Framework provides the appropriate structure to facilitate good governance and communication across the business and with key stakeholders. The Integrated Risk and Resilience Framework also sets out the potential impact of emerging risks and the approach to be taken by NI Water to manage these risks going forward.

The system of internal control has been in place in NI Water for the year ended 31 March 2025 and up to the date of approval of the

Governance Statement

Annual Integrated Report and Accounts and accords with the Department of Finance and HM Treasury guidance, where appropriate.

Capacity to handle risk

NI Water manages risks in line with our Integrated Risk and Resilience Framework. The Framework clearly defines the roles and responsibilities of the Board, its Committees, the Executive Committee, Directors, Senior Managers, Risk Champions, and employees. There is a clear chain of accountability from the Accounting Officer to all employees. The Framework provides guidance on how to undertake risk assessments and how to manage risk to an acceptable level as determined by the Board.

The risk and control framework

A range of information was used to establish the corporate threats and opportunities at the start of the year. This included benchmarking threats and opportunities faced by other water companies, the Internal Audit Opinion, the Accounting Officer's Annual Assurance Statement, changes in legislation and Government guidance and emerging risks to NI Water. The proposed corporate risks for 2024/25 were considered and approved by the Risk Committee and the Board.

During the year, the Executive Committee met on a quarterly basis to assess and evaluate corporate risks and agreed the necessary improvements required to address evolving business needs. The corporate and directorate risk registers have clearly defined owners. These registers were reviewed on a continual basis using risk management software, with monthly reports generated for monitoring purposes. Corporate risk maps were presented to the Risk Committee on a cyclical basis throughout the year. The Board received summary information monthly. Corporate risks can be viewed for business units and programme or project levels as appropriate, to evidence the effectiveness of controls and required actions. Directorate risks can also be escalated to senior management's attention when they are graded as 'high' or 'medium'. An established escalation process is also in place to alert the Chief Executive, Board and stakeholders of significant new issues.

The Risk Committee updates the Board on a quarterly basis on threat improvements, benefits from opportunity realised,

improvement in resilience, risks escalated and completion of improvement actions. The Risk Committee also received reports on risk appetite throughout the year. In February 2025, the Board held a workshop to assess risk appetite on risk themes. The Audit Committee received reports on financial risk management and informed the Board about NI Water's current and emerging financial risks.

The Board received updates on the status of corporate risks monthly. The Board provides a bi-annual risk management report, at a strategic level, to the DfI. Risk management is a permanent agenda item in the Shareholder meetings. Other stakeholders are involved in managing risks that impact upon them. Refer to pages 160 and 163 for further details on the matters considered by the Board and sub-committees.

Key risks materialising in year

During the year, risks have been effectively managed and Principal Risks are as reported in pages 76 to 92.

Lack of funding in line with PC21, remains NI Water's highest Principal Risk. Whilst internal processes for financial management are robust, a material funding gap persisted during 2024/25. The material gap in funding for PC21, combined with the likely increased investment needs in PC28 adds further material uncertainty to the financial resilience and long-term viability of NI Water. The material funding gap for PC21 undermines the delivery of NI Water's long-term strategy and impedes delivery of all water and wastewater service requirements in the PC21 Final Determination, adversely impacting on regulatory and statutory compliance. NI Water faces the possibility of legal action by other stakeholders if it fails to meet its statutory obligations. In December 2024 the Utility Regulator opened an initial enquiry regarding the performance of NI Water's wastewater treatment works and sewer networks.

DfI carried out a review of the Living with Water Programme and the Programme Board has been stood down. Due to the current funding constraints in PC21, this programme cannot be taken forward and has largely paused. NI Water commenced a programme of essential maintenance in April 2025 to ensure that the existing facilities operate as effectively as possible until they have been upgraded.

Governance Statement

In March 2025 the Minister for Infrastructure confirmed her intention to engage forensic accountancy services to examine a projected NI Water overspend for 2024/25.

Principal Risks such as wastewater constraints, supply chain inflation and the climate emergency, which have wide implications for NI Water, continue to be managed in the context of constrained resourcing and asset capability, with steps taken where possible to improve on our resilience.

Further details on the Principal Risks are contained on page 76.

Internal Audit

The Head of Internal Audit provided an Annual Opinion on NI Water's system of governance, risk management and internal control. Internal audit results in year support that there is an adequate and effective system of internal control, governance and risk management within NI Water, providing 'Satisfactory' assurance in that regard. However, the issues with the governance and associated funding model have been considered to now present a significant risk that the organisation will fail to meet its strategies and objectives. This current unsustainable position with the governance and associated funding model has resulted in an overall 'Limited' opinion for the year ended 31 March 2025, due to the significant risk that this presents to the achievement of the organisation's strategies and objectives.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of corporate governance, internal control, and risk management. My review is informed by the work of managers within NI Water, who have responsibility for the development and maintenance of the internal control framework. I am also informed by other independent sources of assurance.

The Board, Audit Committee and Risk Committee have also provided their review of the effectiveness of the system of internal control and a plan to address any weaknesses and to ensure that continuous improvement of the system of internal control is in place.

A formalised assurance framework to assist me in assessing the extent of compliance with the specified responsibilities, including the effectiveness of the systems of internal control has been developed. The Audit Committee and Risk Committee considered the Internal Audit Opinion and

informed the Board on the overall effectiveness of the Group's system of internal control and risk management.

The year end management assurance statements include a list of evidence to support management's response and the associated risks. The External Audit opinion for the Statutory, Regulatory and Regularity audits are all 'unqualified' and there is an effective process to manage closure of management letter points raised by the External Auditors.

Chief Executive's Year-End Assurance Statement – Exception Report

Whilst there is an adequate system of governance, risk management and internal control in place in NI Water, several matters are included in the 'Exception Report' appended to my Annual Assurance Statement to the DfI Accounting Officer. The most notable matter is the material funding gap, which significantly reduces NI Water's ability to deliver the PC21 Final Determination, combined with the likely increased investment needs in PC28. This increases the risk of regulatory sanction by the Utility Regulator for potential breaches of the regulatory Licence and increases the risk of breaching statutory requirements associated with NI Water's activities. As noted above, this risk materialised during the 2024/25 year. Most of the matters in the Exception Report are reflected in the 'Principal Risks' section, while others are reported separately to DfI as sole Shareholder.

The Board and I continue to stress the need for NI Water to be fully funded in line with the independent Utility Regulator's PC21 Final Determination, supported by a mechanism to deal with financial shocks. We are working with our Government Shareholder and other key stakeholders to have a sustainable funding model for current and future Price Controls to underpin Northern Ireland's vital water and wastewater infrastructure. Decisions on the funding model are a matter for Government Ministers.



Dr Sara Venning
Accounting Officer
10 July 2025

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2025.

Principal activities

The principal activities of NI Water (the Group) are the supply of water and the collection and treatment of sewage in Northern Ireland. The Parent Company (NI Water Limited) is domiciled and incorporated in Northern Ireland. The Registered Number is NI054463 and the Registered Office is Westland House, 40 Old Westland Road, Belfast, BT14 6TE. The Parent Company is wholly owned by DfI.

Going concern

The financial statements have been prepared on a going concern basis notwithstanding the net current liabilities at 31 March 2025. The Directors consider it appropriate to adopt the going concern approach given the regulatory, financial and governance environment within which the Parent Company operates and that there is a reasonable expectation that NI Water will continue to operate for 12 months from the date of approving the financial statements. However, material uncertainties exist which cast significant doubt on the ability of the organisation to continue as a going concern in the future and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. This is described in more detail below:

- NI Water is subject to economic regulation rather than market competition. As a result, the Parent Company provides water and sewerage services in Northern Ireland under the conditions in its Licence granted by the independent Utility Regulator and underpinned by the Water and Sewerage Services (Northern Ireland) Order 2006, which designates NI Water as the sole Water and Sewerage Undertaker for Northern Ireland.
- Following the NI Assembly decision to defer the introduction of domestic water charges, NI Water receives funding by means of a subsidy provided by DfI. Due to the level of subsidy, NI Water is also designated as a NDPB and is subject to public sector spending rules i.e. public expenditure.
- NI Water submitted its Business Plan for the PC21 Price Control period (April 2021 to March 2027) to the Utility Regulator in January 2020. The Utility Regulator

published the PC21 Final Determination in May 2021 endorsing the proposals outlined in the PC21 Business Plan and adding further challenge in some areas. The Board of NI Water accepted the PC21 Final Determination in July 2021, encouraged that the first year of PC21 (2021/22) was, at that point, fully funded by DfI and the NI Executive and based on a continuing commitment to fund the PC21 Final Determination to deliver the outputs and outcomes for customers.

Resource DEL (2021/22 – 2024/25)

- Since acceptance of the PC21 Final Determination in July 2021, there has been significant volatility in global energy prices which, combined with higher inflation, has created upward pressures on Resource DEL in each of the first four years of PC21. Resource DEL pressures were successfully met by in-year bids to DfI in 2021/22 and 2022/23. In the absence of monitoring rounds during 2023/24, it was 13 March 2024 before DfI advised that it was able to secure an additional £27m to regularise 2023/24 Resource DEL pressure to £172m in line with NI Water's forecast.
- Throughout 2024/25, NI Water briefed DfI and other stakeholders of a Resource DEL pressure in order to be able to deliver water and wastewater services. While DfI was able to allocate £11.5m in the October Monitoring Round and a further £2.9m to cover additional costs related to Storm Éowyn, NI Water remained at risk of overspending up to £3m against DfI Resource DEL allocation of £152.4m. On 27 March 2025, the DfI Minister made an additional allocation of £3m resulting in revised Resource DEL allocation for 2024/25 of £155.4m. The 2024/25 provisional outturn for Resource DEL was £153.8m, £1.4m (0.9%) over the DfI allocation of £152.4m and £1.6m (1.0%) below the revised DfI allocation of £155.4m. Higher income and lower PPP costs in March 2025, which contributed to an improved Resource DEL outturn, are attributable to March 2025 being the driest March since 2012 with only 26% of typical rainfall. The period from October 2024 to March 2025 was the driest last six months of the financial year since 1953.

Capital DEL (2021/22 – 2024/25)

- NI Water's requirement for Capital DEL cover was fully met in the first two years of PC21 (2021/22 and 2022/23), but not in the third and fourth years (2023/24 and 2024/25). NI Water's Operating Plan and

Directors' report

Budget for 2023/24 set out a Capital DEL requirement of £370m reflecting the third year of PC21 Final Determination. NI Water reduced its requirement to £353m to reflect the minimum Capital DEL allocation required to mitigate the risk of prosecution, resulting in a shortfall of £31.8m to the opening Capital DEL allocation of £321.2m advised by DfI. DfI submitted a bid for additional capital funding to make up the shortfall, but the Secretary of State for Northern Ireland did not make any additional in-year capital allocations. In December 2023, DfI sought absolute assurance from the NI Water Board that the £321.2m Capital DEL allocation would not be exceeded. An assurance was provided by the NI Water Board and management took steps to slow down the PC21 capital programme. Final Capital DEL allocation was £337.3m.

- The Capital DEL allocation has also been constrained in 2024/25. NI Water had to reduce its 2024/25 Operating Plan and Budget Capital DEL requirement of £470m by £121m, to £349m to reflect the Capital DEL allocation available in the October Monitoring Round. The provisional outturn for Capital DEL in 2024/25 is £349m in line with the DfI allocation.

PC21 Mid-Term Review

- The Utility Regulator's PC21 Final Determination provided for a Mid-Term Review to deal with material changes since the PC21 Final Determination and address any uncertainty that existed at the time of the PC21 Final Determination. NI Water made its PC21 Mid-Term Review submission to the Utility Regulator in September 2023. Following engagement with NI Water and principal stakeholders, the Utility Regulator published its Final Determination in September 2024 with the following findings:
 - Limited adjustments to PC21 output targets.
 - Average tariff increase of 4.5% in each of the last two years of the PC21 period to mitigate against an unprecedented increase in NI Water's power costs.
 - A capital allowance of approximately £2.4bn in 'money of the day' prices (nominal) for the full price control period to maintain existing services and deliver the upgrades required to meet its quality, environmental and service level obligations.

- A follow-up review concluded that the determined cost allowances were, on average, likely underestimated by approximately 15%. While this indicates an additional allowance of £0.3bn taking the total to approximately £2.7bn, the Utility Regulator has decided not to 'reopen' the Mid-Term Review but to consider any adjustment as part of the PC21 outturn process.
- ### 2025/26 Operating Plan and Budget
- NI Water's Operating Plan and Budget for 2025/26 (the fifth year of PC21) sets out a Resource DEL requirement of £172m and a Capital DEL requirement of £405m designed to underpin and support the fifth year of PC21. Operating Plan targets for 2025/26 reflect the Utility Regulator's PC21 Mid-Term Review with adjustment for slippage in 2024/25 due to constraint in Capital DEL funding and reprofiling for efficient delivery.
 - On 27 February 2025, the DfI Minister wrote to NI Water advising a budget scenario for the 2025/26 financial year of £149.2m Resource DEL and £350m Capital DEL based on NI Executive's Draft Budget. On 3 June 2025, the DfI Minister updated the indicative Resource DEL allocation to £150.3m to include £1.0m for increased Employer's National Insurance Contribution. The gap to Operating Plan and Budget for 2025/26 is £21.7m Resource DEL and £55m Capital DEL.
- | 2025/26 Funding Position | RDEL £m | CDEL £m | Total £m |
|---------------------------------------|---------|---------|----------|
| NI Water Operating Plan and Budget | 172.0 | 405.0 | 577.0 |
| DfI Indicative Allocation (June 2025) | 150.3 | 350.0 | 500.3 |
| Shortfall in DfI Funding | (21.7) | (55.0) | (76.7) |
- DfI expects a decision will be made following agreement on the final budget by the NI Executive and consideration of responses received through DfI Draft Budget 2025-26 Equality Impact Assessment Consultation, which closed on 5 June 2025.
 - On 19 June 2025, the DfI Permanent Secretary provided a letter of assurance confirming NI Water is authorised to borrow against its current loan note in order to finance its normal trading activities

Directors' report

- in 2025/26, ensuring that expenditure financed by loan funding is covered within its public expenditure budget agreed by the Department.
- ### Outlook to end of PC21 period
- The tables below compare PC21 Mid-Term Review allowances with 2024/25 actuals and 2025/26 indicative allocations from DfI, assumed to be maintained into 2026/27.
- | Resource DEL | 2024/25 £m | 2025/26 £m | 2026/27 £m | Total £m |
|--|------------|------------|------------|----------|
| Utility Regulator PC21 MTR Final Determination (Sept 2024) | 170.5 | 162.9 | 158.5 | 491.9 |
| Outturn/ DfI Indicative Allocation | 153.8 | 150.3 | 150.3 | 454.4 |
| Shortfall in DfI Funding | (16.7) | (12.6) | (8.2) | (37.5) |
- | Capital DEL | 2024/25 £m | 2025/26 £m | 2026/27 £m | Total £m |
|--|------------|------------|------------|----------|
| Utility Regulator PC21 MTR Final Determination (Sept 2024) | 479.6 | 537.6 | 447.5 | 1,464.7 |
| Outturn/ DfI Indicative Allocation | 349.0 | 350.0 | 350.0 | 1,049.0 |
| Shortfall in DfI Funding | (130.6) | (187.6) | (97.5) | (415.7) |
- The Utility Regulator's PC21 Mid-Term Review sets out a Capital DEL requirement of £1,465m over the last three years of PC21 (2024/25 - 2026/27) to deliver the planned investment and outputs - an average of £488m per year. Given Capital DEL allocation of £349m in 2024/25 and indicative allocation of £350m in 2025/26, there remains a significant mismatch between the PC21 output targets set by the Utility Regulator and the Public Expenditure funding allocated and indicated by DfI.
- ### Material Uncertainty arising from competing obligations
- NI Water has access to cash through the loan note instrument, which enables the Company to draw down loans up to £1.75bn from 1 April 2022 to 31 March 2027, subject to headroom restrictions. £150m was drawn down in 2024/25 bringing the cumulative total drawdown to £520m. In addition, the

- Company has access to a working capital facility of £20m.
- Irrespective of access to cash, the availability of Resource and Capital DEL to enable delivery of PC21 outputs is the overriding constraint. A shortfall in Resource DEL allocation limits what cash NI Water can spend to run and operate its business. A shortfall in Capital DEL allocation creates a limit on what cash NI Water can invest in water and wastewater infrastructure. NI Water is prohibited from spending any cash in excess of the DEL allocations without prior approval from DfI.
 - If NI Water cannot deliver the PC21 programme of work due to Resource DEL and Capital DEL constraints, it is exposed to enforcement proceedings from the Utility Regulator, which could result in the removal of NI Water's Licence to operate, and the possibility of legal action by other stakeholders for failure to meet its statutory obligations. Recent developments by the Utility Regulator have served to reinforce this risk:
 - On 20 December 2024, NI Water received correspondence from the Utility Regulator in relation to 'Notice of Initial Enquiry regarding NI Water's compliance with certain of its obligations as a water and sewerage undertaker'. A subsequent Article 261 Notice requesting that NI Water provide information was received on 27 March 2025. NI Water collated the data requested and made the submission to the Utility Regulator on 22 May 2025. We await further engagement.
 - On 6 February 2025, NI Water received correspondence from the Utility Regulator in relation to the Directors' certificate of going concern (Condition F6A.2A of the Licence) in the 2023/24 Regulatory Accounts. NI Water provided further information requested on 6 March 2025. We await further engagement.
 - Conversely, any attempt to deliver the PC21 programme of work, could result in conflict with the NI Water Accounting Officer's responsibility not to overspend against budget and regularity of spend. Another recent development serves to highlight this risk:
 - On 25 March 2025, the DfI Minister announced plans to engage a Forensic Accountant to investigate the reasons why NI Water has been unable to live within its Resource budget allocation

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in 2024/25. NI Water has engaged constructively with the investigation and awaits the final report.

- As a Government owned company operating under a regulatory Licence, NI Water is unable to unilaterally decide which statutory or regulatory obligations it will or will not perform. During 2024/25, stakeholders engaged around a proposed 'Capital Reasoned Submission' to consider adjusted outputs and outcomes for PC21 reflecting the gap in funding compared to PC21 price control. While the group met on four occasions, they were unable to agree on an adjusted programme for the remainder of the PC21 period.
- Our assessment of material uncertainty reflects the current divergence between DfI and the Utility Regulator, two key stakeholders with statutory and regulatory obligations relating to NI Water's funding. This includes a statutory obligation under Article 6 of the Water and Sewerage Services (NI) Order 2006 to ensure that NI Water is able to finance the proper carrying out of its functions.
- Until the procedures in the Memorandum of Understanding and Consequent Written Agreement are completed and agreed, NI Water faces a significant mismatch between the PC21 output targets set by the Utility Regulator and the Public Expenditure funding allocated and indicated by DfI. In such circumstances, material uncertainties exist, which cast doubt on the ability of the Company to continue as a going concern in the future. The financial statements are prepared on the going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

Further information is included in Note G2 (liquidity risk) in the financial statements.

Long-term viability statement

The long-term success of NI Water is dependent on the sustainability of its business model and its management of risk. Decisions made by the Board will have a direct impact on the long-term viability of the Group.

The purpose of the viability statement is to assist the Board in discharging its responsibility to ensure that the Group is financially resilient i.e. the extent to which the Group's financial arrangements enable it to avoid, cope with and recover from disruption (a 'financial shock'). The viability statement

demonstrates how the Board has assured itself that this is the case, providing this assurance both to the Shareholder and wider stakeholders. In making this assessment, the Board has taken account of the current position, the potential impact of the principal risks facing the business in severe but plausible scenarios, and the effectiveness of any mitigating actions.

This viability statement has been prepared in two stages, firstly by considering and reporting on the longer-term prospects by taking into account the Group's current position and principal risks, and then by stating whether the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their viability assessment, drawing attention to any assumptions or qualifications as necessary.

Stage 1 – longer-term prospects

The Directors have considered the Group's longer-term prospects, taking into account the Group's current position and principal risks. Refer to page 76.

Stage 2 – assessment of viability

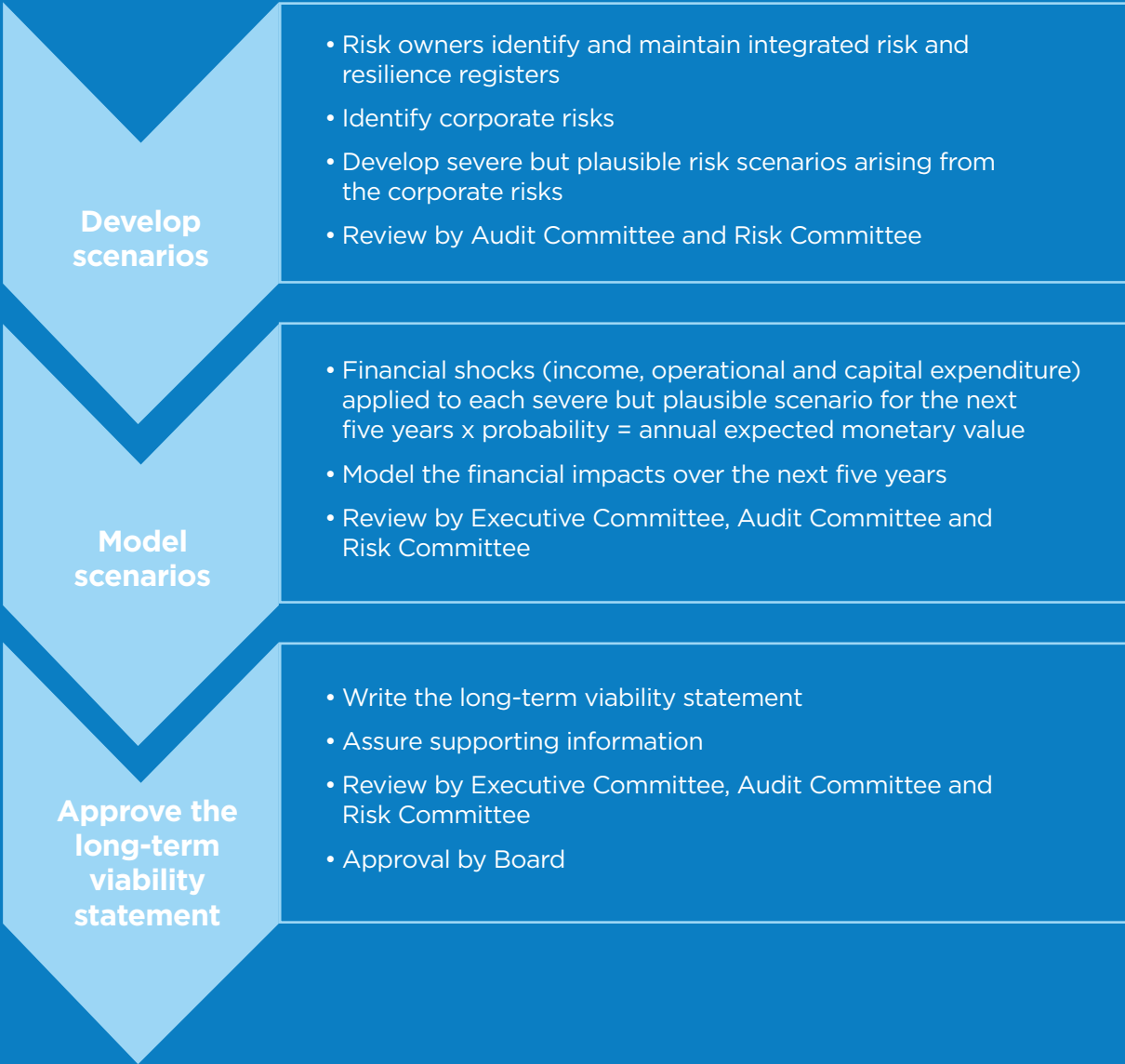
Period covered

The Directors have considered the appropriate length of time over which to provide the viability statement. In making their assessment, they have taken account of the balance between the timescale and robustness of analysis, and the time periods used and recommended across the water sector. The Directors consider that a five-year period is appropriate given NI Water's position within the current regulatory cycle, the extent to which information is available on the direction of the subsequent Business Plans and the assessment periods used in the water sector. This five-year assessment period covers the remaining three years of PC21 (including the one-year extension) and the first two years of PC28, so extends beyond the end of the PC21 regulatory period and falls within our current strategic planning horizon (2021 - 46). Preparations for the PC28 Business Plan are at an early stage. In the absence of a PC28 Business Plan, we have assumed no material changes in income, expenditure, loan facilities or agreements between PC21 and PC28. Our Corporate Strategy and the PC21 Business Plan reflect the Directors' best view of future prospects. The assumptions used in developing the PC21 Business Plan were based upon the best information currently available at that time.

Directors' report

Approach

The approach to developing our long-term viability statement is summarised below:



Scenarios

Several severe but plausible scenarios and underlying events were developed based on the corporate risks and in liaison with risk owners. An estimate was made of the likely financial shock for each event, which was then multiplied by a probability of occurrence to give an expected monetary value. The expected monetary value for each event was summed to give the expected monetary value for each scenario. The total of the expected monetary values for all the scenarios represents the anticipated financial shock for all corporate risks in each year of the five-year assessment period. This financial shock is based on the Directors' current expectations and, by its very nature, is inherently unpredictable, speculative and involves risk and uncertainty because it relates to events and depends on circumstances that may or may not occur in the future.

Directors' report

Scenario number	Scenario name	Description of severe but plausible scenarios	Link to strategic risk (page 76)
1	Underfunding	Material funding gap for the PC21 Final Determination and Mid-Term Review	
2	Macroeconomic	Macro-economic shocks and stress (combination of inflation, interest rates, bad debt, tax duty/recession) may lead to changes in the number of non-domestic customers and levels of bad debt	
3	Pension	Unanticipated additional contributions to the Pension Scheme arising from higher-than-expected actual inflation; lower than expected investment returns; the threat that movements in the value of the Scheme's liabilities are not met by corresponding movements in the value of the Scheme's assets; and members living for longer than expected	
4	People	A lack of people, capacity and capability compounded by a shortfall in STEM skills and talent in the marketplace may compromise our business performance and ability to retain critical skills	
5	Supply chain	Global supply chain disruptions, chemical pricing or changes to market conditions may lead to excessive energy or chemical cost inflation, power outages/blackouts and insolvency of key operational or capital contractors	
6	Health and Safety	Major fire or explosion due to process safety failure, legionella/asbestos exposure or dam burst may lead to death or serious injury to colleague or member of the public	
7	Cyber	Significant IT/cyber breach leads to major data loss (GDPR, NISD & SEMD) leading to investigation and fine by Information Commissioner or Competent Authority, service impact or breach of network information systems and security and emergency measure obligations	
8	Drinking water	Major widespread water quality contamination event	
9	Wastewater	Severe consent failure at key wastewater treatment works (including unexpected change to the Omega public private partnership contract)	
10	Pollution	Pollution and sewer flooding incidents lead to loss of reputation with regulators, key stakeholders, and damage to the natural and built environment	
11	Severe weather	Multi-year dry spring/summer leads to severe drought and supply restrictions	
		Severe winter followed by thaw leading to significant increase in leakage and supply interruptions	
		Widespread flood inundation/coastal inundation/significant flood event including our ability to embed and transform our flood resilience	
12	Net zero carbon	Significant increase in decarbonisation costs due to changes in the required rate of decarbonisation because of changes in legislation, technology, and climate	

Directors' report

Financial shocks have not been developed in relation to scenario one due to the uncertainty around funding over PC21 and the subsequent difficulty in estimating the degree to which financial shocks relating to other scenarios will increase because of the material funding gap. Most of the other UK water companies benefit from funded regulatory settlements. NI Water has experienced a material funding gap through the PC15 regulatory settlement (2015-21). NI Water faces a lack of visibility of funding across price control periods and a material funding gap with the PC21 Final Determination. Additional funding pressures have been confirmed by the Utility Regulator as part of the PC21 Mid-Term Review. The material funding gap is likely to materially increase the size and likelihood of the financial shocks across the other scenarios. Further details on the availability of public expenditure funding and the PC21 Mid-Term Review are contained at page 201.

In the absence of a costed Climate Change Strategy, scenario #12 estimates the cost of decarbonising the business using energy strategy data and carbon prices. Assumptions are made to indirectly assess decarbonisation costs in relation to areas under development (such as wastewater process emissions, carbon in the supply chain and carbon stored in our land). A revised assessment of these costs can be made once the Climate Change Strategy has been costed as part of the PC28 Business Plan.

We believe that the suite of scenarios considered encompasses the full spectrum of potential known risks and have sought to benchmark the severity of the scenarios against both historical risk events and other scenarios used within the industry. We have also looked at the frequency and impact of historic examples of scenarios for NI Water and across other water companies.

Energy price shocks and wider inflationary pressures are included within the suite of scenarios. Such events are difficult to predict given the level of uncertainty about their duration. We will reassess our planning assumptions as inflation expectations evolve.

The expected value method assumes that all major risk scenarios occur on an ongoing, albeit risk adjusted, basis. One event could occur and be mitigated before the next event occurred.

The following plausible combinations of financial shocks have also been considered:

- **Combination 1** – macroeconomic, pension and supply chain;
- **Combination 2** – people and pollution;
- **Combination 3** – health and safety, cyber, drinking water and wastewater;
- **Combination 4** – drinking water, severe weather and net zero carbon;
- **Combination 5** – health and safety, cyber and net zero carbon; and
- **Combination 6** – macroeconomic, pension, people, supply chain and wastewater.

As part of the assessment, reverse stress testing has been performed to understand the headroom in the Group's working capital facility and capital loan notes for financial shocks before and after applying probabilities. Larger financial shocks (before applying a probability of occurrence) for income and operational expenditure and capital expenditure have been used to inform the stress testing.

Fundamental assumptions and qualifications

This viability statement is based on the following fundamental assumptions and qualifications:

- the Utility Regulator's PC21 Final Determination is fully funded by the Shareholder. However, NI Water faces a lack of visibility of funding across price control periods and a material funding gap with the PC21 Final Determination. Additional funding pressures have been confirmed by the Utility Regulator as part of the PC21 Mid-Term Review. The material funding gap is likely to materially increase the size and likelihood of the financial shocks across the other scenarios. Further details on the availability of public expenditure funding are contained at page 201;
- the Shareholder, as the sponsoring Government Department, can provide public expenditure budget cover to allow the Group to incur additional expenditure associated with one or more of the severe but plausible scenarios occurring. This includes energy price shocks and wider inflationary shocks;
- the Shareholder will provide additional funding and capital loan arrangements for PC21 if required;

Directors' report

- in the absence of a PC28 Business Plan, we have assumed no material changes in income, expenditure, loan facilities or agreements between PC21 (including the one year extension) and PC28;
- a mechanism is agreed with the Shareholder to address the commitment for repayment of the 2027 Capital Loan Note on 31 March 2027 as outlined in note B1 to the financial statements;
- the one year extension to PC21 and Utility Regulator's PC28 Final Determination is fully funded by the Shareholder;
- the Shareholder will provide working capital facilities and capital loan arrangements on which borrowings may be taken in the one year extension to PC21 and the PC28 period;
- the current regulatory and statutory framework does not substantively change. From an economic perspective, given the market structure of water and wastewater services, threats to the Group's viability from risks such as reduced market share, substitution of services and reduced demand are low compared to those faced by many other industries; and
- the assessment of financial shocks based on the above approach for this viability assessment represents the full range of financial shocks (known and unknown) and their magnitude. The assessment of financial shocks will be further embedded into the risk management process in future years.

In assessing the viability of NI Water, the Directors have taken account of:

- the availability of public expenditure funding, the PC21 Mid-Term Review and the impact on going concern as outlined on page 201;
- the Group's current liquidity position as outlined on page 99;
- the detailed financial projections developed as part of the planning process, which include the best available information about the PC21 regulatory period ending in March 2027; and
- the severe but plausible scenarios and stress testing described above.

Mitigating actions

The English and Welsh water companies can undertake a range of actions to mitigate the impact of severe but plausible financial shocks. These actions

include the accumulation of significant cash reserves, access to borrowing on the financial markets, flexing capital investment programme between years, moving expenditure between operational and capital expenditure, cutting dividends, equity injections, equity reductions and significantly increasing the size and scope of their commercial insurance programmes. These mitigating actions are either not available to NI Water given its NDPB status or would not provide any additional spending power. Furthermore, most of the English and Welsh water companies operate under a funded regulatory settlement, unlike NI Water, which has experienced a material funding gap in the PC15 regulatory settlement (2015-21). NI Water faces a lack of visibility of funding across price control periods and a material funding gap with the PC21 Final Determination. Additional funding pressures have been confirmed by the Utility Regulator as part of the PC21 Mid-Term Review. The material funding gap is likely to materially increase the size and likelihood of the financial shocks across the other scenarios. Further details on the availability of public expenditure funding are contained at page 201.

NI Water's financial resilience is therefore dependent on its sponsoring Government Department for both access to funding and public expenditure budget cover to incur expenditure, the latter of which is the fundamental constraint. Severe but plausible financial shocks would likely require additional funding bids to DfI. Such bids would compete with other bids on public expenditure within the sponsoring Government department and across the public sector.

Assurance

We applied two levels of assurance over our long-term viability statement.

- Level 1 - liaison with corporate risk owners and review by Corporate Governance, Financial Accounting and Regulation teams in Finance, Regulation and Commercial Directorate. Level 1 assurance included ensuring that the long-term viability statement was produced in line with best practice and the UK Corporate Governance Code; and
- Level 2 - the viability statement was subject to scrutiny and challenge by the Executive Committee, the Audit Committee, the Risk Committee, and the Board at key stages in its development.

Directors' report

Conclusion

The Directors have concluded that, subject to the fundamental assumptions and qualifications outlined above, there is a material uncertainty that NI Water will be able to continue in operation and meet its liabilities as they fall due over the five-year assessment period ending on 31 March 2030.

Future developments

The Directors are not aware at the date of this report of any likely major changes to NI Water's activities in the next year.

Dividends and reserves

NI Water Limited's dividend policy is to provide a return to the Shareholder DfI based on a percentage of the regulatory capital value less net debt. The return reflects the cost of equity set in the PC21 Final Determination. Payment of any dividend is subject to NI Water having sufficient distributable profits. Refer to the Principal Risks (page 76) for factors which could impact on the amount of distributable profits.

It is anticipated that a final dividend of £25.0m for the year ended 31 March 2025 (2023/24: £24.0m) may be approved by the Shareholder upon the recommendation of the Board later this year. However, this has not been included within the financial statements as the dividend was not declared before 31 March 2025.

Directors and Officers

The Directors and Officers who served during the year and up to the date of this report are set out on page 158.

Directors' and Officers' indemnities

Directors and Officers are indemnified by NI Water against costs incurred by them in carrying out their duties, including defending proceedings brought against them arising out of their positions as Directors; or in which they are acquitted; or judgement is given in their favour; or relief from any liability is granted to them by the Court.

Policy on the payment of creditors

NI Water's policy is to agree payment terms with suppliers and to pay on time according to those agreed terms. In the absence of alternative agreements, the policy is to make payment not more than 30 days after receipt of a valid invoice. The year-to-date ratio, expressed in days, between the time invoices from large suppliers fall due and the time invoices were actually paid at 31 March 2025, was 31.5 days (2023/24: 31.7 days).

NI Water has adopted the public sector supplier payment policy for small and medium sized suppliers of 10 days after receipt of a valid invoice in accordance with the Northern Ireland Executive's policy. As at 31 March 2025, the year to date ratio stood at 11.9 days (2023/24: 11.3 days).

Political and charitable contributions

NI Water made no political or charitable donations nor did it incur any political expenditure during the year.

Research and development

NI Water invested £0.33m on Research and development in 2024/25 (2023/24: £0.32m).

Refer to Note G1(f)(ii) to the Statutory Accounts for the accounting treatment.

Employees

NI Water uses an increased range of communication channels to keep its employees involved in the Group's affairs to engage them and keep them informed and appraised on performance and other business-related matters. NI Water continues to oppose all forms of unlawful and unfair discrimination. It remains the Group's policy to promote equality of opportunity for all our employees during their employment. NI Water is recognised as a disability confident employer, as an endorsement of our commitment to recruit and retain disabled people and people with health conditions. Read more about equality, diversity and inclusion on page 184.

Directors' report

Directors' interests in contracts

No Director had a material interest at any time during the year in any contract of significance with NI Water. The key personnel and Directors did not carry out any transactions with related parties of the Group.

Regulation - 'ring fencing'

In accordance with the requirements of the regulatory licence, the Board confirmed, that as at 31 March 2025, it had available to it sufficient rights and assets, not including financial resources, which would enable a special administrator to manage the affairs, business and property of NI Water Limited in order that the purposes of a special administration order could be achieved if such an order were made.

Regulation - 'cross directorships'

Directors and employees of NI Water may be Directors of related companies when this is in the best interests of NI Water, and where appropriate arrangements are in place to avoid conflicts of interest. These arrangements include prior approval of any cross directorships by the Board and the Shareholder. In addition, Directors holding cross directorships are required to disclose any such interests prior to making decisions which may result in, or give the appearance of, a conflict of interest.

Greenhouse gas emissions

Details on greenhouse gas emissions are included on page 115.

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

The Board of Directors of NI Water consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group 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) in the decisions taken during the year ended 31 March 2025 (see page 150) and by reference to the approval of our Strategy (2021-46) and PC21 Business Plan (2021-27), supported by the Board assurance statement accompanying our plan:

(a) Long-term decisions

Our Strategy and Business Plan set out the step change in investment required to address the country's most critical needs and enable Northern Ireland to thrive from its water and sewerage infrastructure.

The NI Water Board has driven the strategic development of our Strategy and Business Plan. It has challenged the Executive Committee to put forward a strategy and plan that delivers for the health, the environment and the economy in Northern Ireland while being affordable for customers and deliverable for our people and our supply chain. The Board has obtained confirmation from its independent Board Assurance Advisor that the Strategy and Business Plan are clear, structured and evidence based, and the narrative is supported by robust data. The Board reviewed the Group's response to the PC21 Final Determination and Mid-Term Review.

(b) Employees

Our people are the most important drivers of our success and our Strategy and Business Plan aims to create a more diverse, engaged and high-performance organisation in which all employees are supported and empowered to reach their full potential and excel in whatever they do.

In addition to our annual employee engagement survey and other engagement channels, we engaged with our people and Trade Unions specifically in developing our Strategy, which has a separate strategic priority on people. The Business Plan underpins the Strategy and commits us to ensuring that our people are strongly equipped with the skills and competency to succeed in an era of unprecedented change in the workplace. It focuses on developing and delivering a sound resourcing plan to build the diverse and inclusive workforce of the future, anticipate and address current and future skill gaps and ensure a strong leadership and talent pipeline.

The Business Plan also commits us to protecting the health, safety and wellbeing of our people through sector leading health, safety and wellbeing performance and our zero accident and harm ambition.

Directors' report

We have updated our employees and the Trade Unions in relation to the PC21 Final Determination and Mid-Term Review and engaged on the Climate Change Strategy through an NI Water Live event.

Our Business Plan was also developed to ensure that the employer pension contributions meet the funding requirements of the Pension Scheme.

(c) Suppliers, customers and others:

Supply chain

In 2024/25, we upheld a robust approach to tendering and contract management, ensuring compliance and meeting reporting obligations. A key milestone was awarding our largest operational contract for water and wastewater network services. To support successful delivery, we hosted launch events with suppliers and stakeholders to align on expectations and strategic goals. The Procurement Act 2023 has been fully integrated into our tender processes.

We remained committed to supplier and market engagement through pre-market sessions, Meet the Buyer events, and our flagship Supplier Engagement Event with Invest NI, which attracted over 350 participants. These efforts have deepened industry relationships and opened new partnership opportunities.

We also expanded outreach to third-level education, promoting NI Water as an employer of choice and highlighting career paths in commercial roles.

Despite progress, we continue to face challenges such as rising costs from wage and insurance increases, legal risks in procurement, and competition for skilled professionals. These pressures highlight the need for adaptability and strategic engagement to sustain commercial and operational excellence.



NI Water staff at Sustainable Water Connect Event.

Customers

Customer engagement remained a core priority for NI Water throughout 2024/25. Through near real-time surveys, we gathered daily feedback, using this insight to guide service improvements and inform customer journey reviews. This continuous engagement enabled us to exceed our customer strategic performance indicators for the year.

We maintained strong collaboration with key stakeholders - including the Utility Regulator, CCNI, and DfI - to ensure our Customer Measures drive meaningful service excellence. Looking ahead, we will continue working closely with these partners to review and refine our customer performance indicators in preparation for our PC28 submission.

 Read more about customer engagement on page 24.

Principal stakeholders

Our Strategy and Business Plan were co-created with input from key stakeholders through a series of working and challenge groups. These forums ensured our plan aligns with strategic priorities and provided space for meaningful dialogue on critical issues.

The Outputs Review Group, chaired by the DfI, holds NI Water accountable for delivery against key targets and approves revisions where necessary. It includes representatives from NIEA, DWI, the Utility Regulator, and CCNI, and meets quarterly. Sub-groups focus on four key areas: environmental quality, drinking water quality, consumer engagement, and social policy.

The Customer Measures and Satisfaction Working Group - led by the Utility Regulator and including CCNI, DfI, and NI Water - oversees the development of new consumer performance measures and ensures alignment with best practice in consumer protection.

 Further details on engaging with our stakeholders is contained in the 'Listening to you' section on page 24.

Directors' report

Local Councils

NI Water continued proactive engagement with all 11 Northern Ireland councils in 2024/25, offering updates on our PC21 capital investment programme, including infrastructure and capacity challenges. Nine councils accepted presentations, with meetings held throughout the year.

We also worked closely with Local Development Planning Teams, providing detailed input on capacity constraints and investment plans to support Draft Plan Strategies, particularly in key growth areas. Over PC21, we have participated in six Independent Examinations led by the Planning Appeals Commission, covering:

- Antrim and Newtownabbey;
- Belfast;
- Derry and Strabane;
- Fermanagh and Omagh;
- Lisburn and Castlereagh; and
- Mid and East Antrim.

We continue to support these councils as they develop Local Policies Plans, promoting a phased development approach aligned with planning policy and future wastewater investment. Engagement is ongoing with the remaining five councils as they prepare for Independent Examination.

Our message remains clear: a fully funded PC21 Final Determination is only the starting point. Continued investment across future price control periods is vital to meet Local Development Plan ambitions.

We also collaborate with developers during pre-development to explore tailored drainage solutions. However, in areas where wastewater catchments are at capacity, only major capital investment - not developer-led solutions - can unlock further development

Business organisations

We continue to engage proactively with business organisations and industry groups to support service delivery improvements, including enhancements to the Developer Services portal. Our engagement with developers and builders has focused on early-stage planning application discussions, helping to identify and mitigate potential capacity constraints. This collaborative approach has been instrumental in aligning infrastructure delivery with development timelines.

Over the past year, we have strengthened our relationships with key business stakeholders through targeted outreach and participation in sector-specific forums. Insights from our annual Business Perceptions Tracker have helped shape our communications strategy, ensuring we address the evolving concerns of the construction, manufacturing, and hospitality sectors. We also supported the development of the 'Story of Belfast Lough' narrative, which highlighted the environmental and economic implications of infrastructure investment.

In addition, we contributed to DfI's budget consultation, providing narrative input on statutory equality duties and the potential impacts of funding constraints on business growth and housing development. These engagements have reinforced our commitment to transparency, collaboration, and long-term planning with the business community.

Political parties

We provided tailored briefings to local councils on our Capital Delivery Programme throughout the year, outlining the implications for their areas and the broader regional impact. The CEO and the Director of Finance, Regulation and Commercial addressed the Infrastructure Committee, highlighting the critical risks posed by potential future funding constraints to both economic development and environmental protection.

Our engagement extended to party political conferences and meetings with Party Infrastructure Spokespersons and Policy Advisors. These sessions ensured elected representatives were fully informed on the status of water and wastewater infrastructure. We also hosted visits to six of our water treatment facilities, offering stakeholders - including MLAs and councillors - first-hand insight into our world-class treatment processes and our preparedness to manage emerging challenges.

(d) Community and the environment

The Strategy and PC21 Business Plan were developed in line with DfI's Draft Social and Environmental Guidance for Water and Sewerage Services (2021-27). Government priorities for PC21 are set out in the draft guidance. The strategic priorities focus on sustainably growing all forms of capital (natural capital, social capital, intellectual capital, human capital, manufactured capital and financial capital) to ensure that we put

Directors' report

back more than we take out. The priorities provide a framework to support best practice corporate decision making (integrated thinking across the capitals and natural capital accounting) and corporate reporting (integrated reporting across the capitals). We are proud to play our part in supporting delivery of at least 12 of the UN's Sustainable Development Goals. Our Climate Change Strategy outlines our approach to net zero and building climate resilience. We plan to publish our Biodiversity Strategy in 2025/26. Find out more at pages 29 and 108.

(e) Business conduct

As the Board of Directors, we are committed to the highest standards of behaviour in how we do business. Our values provide the cultural framework to support achievement of our purpose and vision, and we encourage our employees to live these values. Our values are at the heart of our decision making and underpin everything we do. They center around a more sustainable way of doing business by putting back more to society, the economy, and the natural environment than we take out. The values are embedded in our code of ethics, which links to other policies such as those on speak up (whistleblowing), fraud prevention, anti-bribery and corruption and modern slavery.

(f) Shareholder

As a Board of Directors, our intention is to behave responsibly toward our sole Shareholder DfI, so it too may benefit from the successful delivery of our Business Plans. This includes servicing the borrowings from DfI and paying a dividend to DfI, which represents a return to the taxpayer on the amount invested in the Group.

Disclosure of information to auditors

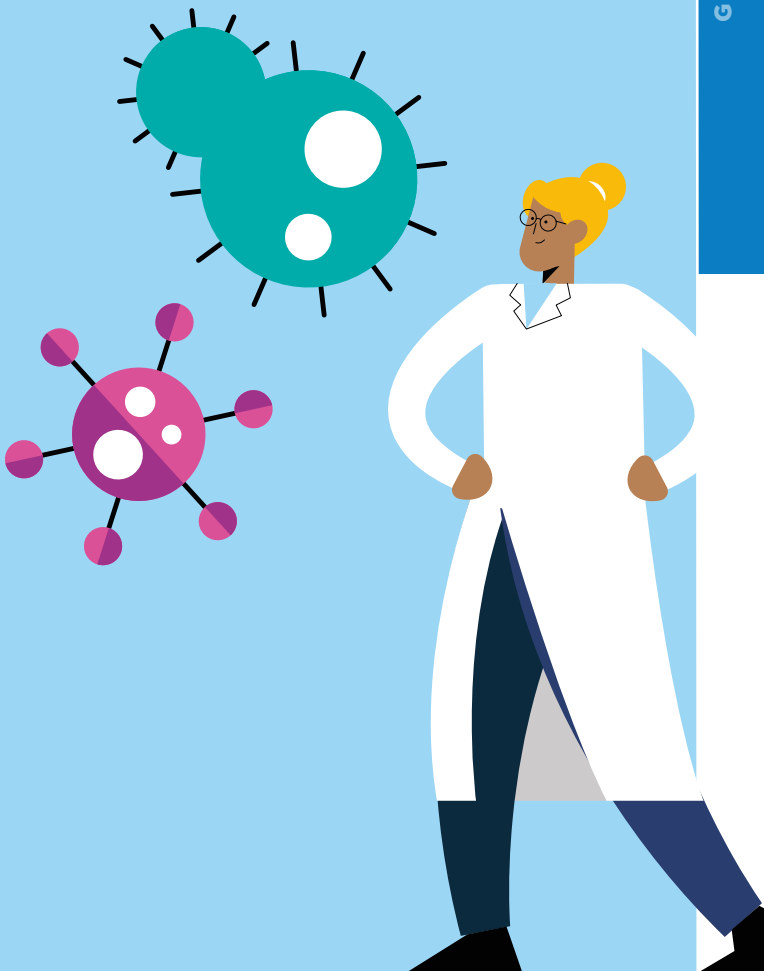
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware and each Director has taken steps they should have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the External Auditors will be deemed to be re-appointed, and KPMG will therefore continue in office.

By order of the Board

Dr Sara Venning
Chief Executive
10 July 2025



Directors' remuneration report

Nomination and Remuneration Committee

The Nomination and Remuneration Committee determines, on behalf of the Board, and subject to approval by the Shareholder, the NI Water policy on the remuneration of Executive Directors and Executives. Only independent Non-Executive Directors may serve on the Committee.

The Committee met four times in the year.

Board appointments and diversity

The Nomination and Remuneration Committee has responsibility for considering the size, structure and composition of the Board, retirements and appointments of additional and replacement Directors, succession planning and making recommendations to the Board and Shareholder on maintaining an appropriate balance of skills and experience on the Board. This includes consideration of gender and ethnic diversity. The Shareholder appoints the Chair and all other Non-Executive Board members and participates in and approves the appointment of all Executive Directors to the Board.

Non-executive Directors serve four-year terms and are eligible for reappointment at the end of their first term only. The Senior Independent Director of NI Water is Maurice Bullick, OBE, as of 1 April 2024.

Remuneration policy

NI Water's policy on remuneration of Executive Directors and Executives is to attract, retain and motivate the best people, recognising their significant responsibilities and the input they make to the ongoing success of the business.

Consistent with this policy, and in accordance with Article 62 of the Water and Sewerage Services (Northern Ireland) Order 2006, the benefit packages awarded by NI Water to Executive Directors and Executives are intended to be competitive and, under the policy, should comprise base salary and a discretionary performance related bonus designed to incentivise Directors and align their interests with those of the Shareholder. The remuneration consists of the following elements:

Base salaries

Under the policy, base salaries for each Executive Director and Executive should be reviewed annually considering inflation. Notwithstanding this policy NI Water is subject to public sector pay policy because of its current governance arrangements.

Annual bonus

There was no bonus scheme in 2024/25 for Executive Directors and Senior Managers.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Group Companies

Apart from NI Water Limited, the Directors of the other companies in the Group did not receive any emoluments for their services.

Non-Executive Directors' remuneration

The higher fees for the Chair of the Board reflect the additional responsibilities of that role. Further details on the fees paid to the Non-Executive Directors are provided on page 182.

Directors' employment contracts

The Executive Directors covered by this report hold appointments which are open-ended. The policy relating to notice periods and termination payments is contained within their service agreements and/or NI Water's Employee Handbook.

The Non-Executive Directors covered by this report hold appointments which last for four years and the DfI Minister has the option of reappointing for a further four years after consideration of relevant performance assessments.

Directors' remuneration report

Fees paid to members of the Executive Committee

Current	Year to 31 March 2025					Year to 31 March 2024				
	Salary and allowances £000	Bonus £000	Benefits in kind (to nearest £100)	Pension benefits £000 ²	Total £000	Salary and allowances £000	Bonus £000	Benefits in kind (to nearest £100)	Pension benefits £000	Total £000
Dr Sara Venning	195 - 200	-	-	53	245 - 250	185 - 190	-	-	64	250 - 255
Ronan Larkin	150 - 155	-	-	-	150 - 155	140 - 145	-	-	34	175 - 180
Paul Harper*	5 - 10	-	-	3	10 - 15	135 - 140	-	-	49	180 - 185
Des Nevin, MBE**	-	-	-	-	-	70 - 75	-	-	-	70 - 75
Stephanie McCullough	130 - 135	-	-	31	160 - 165	70 - 75	-	-	-	70 - 75
Current member of the Executive Committee (not Exective Director):										
Mark Ellesmere	140 - 145	-	-	25	165 - 170	135 - 140	-	-	44	180 - 185
Alistair Jinks	95 - 100	-	-	-	95 - 100	135 - 140	-	-	32	165 - 170
Rose Kelly	140 - 145	-	-	51	190 - 195	130 - 135	-	-	48	180 - 185
Tzvetelina Bogoina	120 - 125	-	-	41	165 - 170	65 - 70	-	-	24	90 - 95
Dr Gary Curran	125 - 130	-	-	35	155 - 160	65 - 70	-	-	-	65 - 70

*Paul Harper retired in April 2024.
**Des Nevin, MBE retired in October 2023.

Pay multiples

The relationship between the remuneration of the highest paid Director and the median remuneration of NI Water's workforce is shown below. The banded remuneration of the highest paid Director in NI Water was £195k to £200k on a full year equivalent basis (2023/24: £185k to £190k). This was 4.84 times (2023/24: 4.93 times) the

median remuneration of the workforce, which was £40,528 (2023/24: £38,008). The marginal change in the median pay multiple (ratio) between 2023/24 and 2024/25 was primarily due to the annual uplift to the remuneration of the highest paid director offset in part by increases to the minimum levels of remuneration.

Group		
	Year to 31 March 2025	Year to 31 March 2024
Highest paid Director (£000)	195 - 200	185 - 190
25 th Percentile (£)	34,501	31,939
Pay multiple ratio for 25th percentile	5.68	5.87
Median total remuneration (£)	40,528	38,008
Pay multiple ratio for median remuneration	4.84	4.93
75 th Percentile (£)	47,390	44,850
Pay multiple ratio for 75th percentile	4.14	4.18
Range of remuneration (£000)	19 - 195	17 - 187

²The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases include increases due to inflation and any increase or decrease due to a transfer of pension rights.

Directors' remuneration report

Gender pay gaps

The gender pay gap regulations in place across the rest of the UK have not yet been brought into force in Northern Ireland. We have disclosed the gender pay gap information below to help as part of our commitment to a diverse and inclusive workforce. The median and mean gender pay gaps are the difference between the mean and median hourly rate of pay of male full-

pay relevant employees and that of female full-pay relevant employees. The reason for the pay gap (negative) is because 33% of our workforce are frontline employees who are typically lower paid than non-frontline employees and that 99% of our frontline employees are male. Further details on the gender of persons employed are shown in Note E1 to the Statutory Accounts.

Group		
	Year to 31 March 2025	Year to 31 March 2024
National median gender pay gap (%)	7.0	7.7
Our median pay gap (%)	(3.1)	(9.2)
Our mean pay gap (%)	(6.2)	(7.3)

Fees paid to Non-Executive Directors

Current Non-Executive Directors:	Year to 31 March 2025				Year to 31 March 2024			
	Salary and allowances £000	Bonus £000	Benefits in kind (to nearest £100)	Total £000	Salary and allowances £000	Bonus £000	Benefits in kind (to nearest £100)	Total £000
Jo Aston – Chair of the Board*	40 - 45	-	-	40 - 45	-	-	-	-
Dr Leonard J. P. O'Hagan CBE DL- Chair of the Board**	-	-	-	-	40 - 45	-	-	40 - 45
Peter McNaney, CBE**	-	-	-	-	15 - 20	-	-	15 - 20
Belinda Oldfield	15 - 20	-	-	15 - 20	15 - 20	-	-	15 - 20
Marie-Thérèse McGivern	15 - 20	-	-	15 - 20	15 - 20	-	-	15 - 20
Patrick Larkin	15 - 20	-	-	15 - 20	15 - 20	-	-	15 - 20
Maurice Bullick, OBE	15 - 20	-	-	15 - 20	15 - 20	-	-	15 - 20
Danny McSorley***	15 - 20	-	-	15 - 20	-	-	-	-

*Appointed as Chair of the Board on 1 April 2024 to serve a first term for a period up to four years.
**Ceased Board appointment on 31 March 2024.
***Appointed as a Non-Executive Director on 1 April 2024 to serve a first term for a period up to four years.

Pension entitlements

Non-Executive Directors do not participate in NI Water's pension scheme. All Executive Directors are members of the defined benefit pension arrangements. The accrued pension entitlement is the amount that the Executive Director would receive at Normal Retirement Age if they retired at the end of the year. The increase in the accrued entitlement is the difference between the accrued benefit at the year end and that at the previous year end. Further details on pensions are provided in Notes E2 and G3 to the Statutory Accounts.

Transfer values

The Cash Equivalent Transfer Value (CETV) for an individual Executive Director is the actuarially assessed capitalised value of the pension scheme benefits accrued at a particular point in time. All transfer values have been calculated on the basis of actuarial advice in accordance with Technical Actuarial Standards issued by the Financial Reporting Council. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the Director's pension benefit. Transfer values do not represent sums payable to individual Directors and therefore cannot be added meaningfully to annual remuneration.

Directors' remuneration report

Increase in transfer value less Directors' contributions

The real increase in CETV shows the increase over the year in the transfer value of the accrued benefits after deducting the Director's personal contributions to the scheme. Further details on Directors' remuneration are shown in Note E1a to the Statutory Accounts.

Pension benefits for members of the Executive Committee

Current Executive Directors:	Accrued pension at age 60 at 31 March 2025 £000	Related lump sum at 31 March 2025 £000	Real increase in pension at NRA £000	Real increase in lump sum at age 60 £000
Dr Sara Venning	50 - 55	110 - 115	5.0 - 7.5	15.0 - 17.5
Ronan Larkin	50 - 55	-	2.5 - 5.0	-
Paul Harper	15 - 20	55 - 60	0 - 2.5	2.5 - 5.0
Des Nevin, MBE	-	-	-	-
Stephanie McCullagh	20 - 25	70 - 75	2.5 - 5.0	7.5 - 10.0
Current member of the Executive Committee (not Executive Director):				
Mark Ellesmere	50 - 55	80 - 85	2.5 - 5.0	10.0 - 12.5
Alistair Jinks	45 - 50	-	0 - 2.5	-
Rose Kelly	15 - 20	50 - 55	2.5 - 5.0	10.0 - 12.5
Tzvetelina Bogoina	0 - 5	10 - 15	2.5 - 5.0	7.5 - 10.0
Dr Gary Curran	55 - 60	165 - 170	5.0 - 7.5	15.0 - 17.5

Pension (CETV) benefits for members of the Executive Committee

Current Executive Directors:	CETV at 31 March 2025 ³ £000	CETV at 31 March 2024 ⁴ £000	Increase/(decrease) in transfer value less Director's contribution (net of inflation ⁵) £000	Employer contribution (to nearest £100)
Dr Sara Venning	515	491	30	50,800
Ronan Larkin	802	759	31	39,200
Paul Harper	320	309	2	1,900
Des Nevin, MBE	-	1,421	-	-
Stephanie McCullagh	261	245	16	33,800
Current member of the Executive Committee (not Executive Director):				
Mark Ellesmere	616	595	26	37,200
Alistair Jinks	747	760	-	25,700
Rose Kelly	265	213	40	36,700
Tzvetelina Bogoina	23	8	-	32,400
Dr Gary Curran	1,052	950	79	32,400

³ Based on accrued benefits at 31 March 2025 and financial conditions as at 31 March 2025.
⁴ Based on accrued benefits at 31 March 2024 and financial conditions as at 31 March 2024.
⁵ CPI inflation of 3.10% (CPI figure for the year to September 2023).

What have we done to improve diversity and inclusion?

Valuing people for who they are and the contributions they bring provides the cultural framework to support achievement of our purpose and vision, placing our commitment to equality, diversity, and inclusion at the heart of how we do business.

Our Equality, Diversity and Inclusion strategy aims to make NI Water a place where everyone is welcome and included. Here, our people are valued and respected for who they are and for the contributions they make in delivering what matters to Northern Ireland. As well as our commitment to creating a diverse and inclusive workplace, we strive to play our part as a large public sector organisation, in supporting social equality within the communities we serve. Key to this is developing a workforce that represents those communities.

Approaching our core people practices with an equality, diversity and inclusion lens has allowed us to:

- increase diversity within our workforce;
- involve employees in developing our people strategies, focusing activity in the areas that matter most;
- ensure positive employee engagement through providing an inclusive workplace;
- develop inclusive leaders capable of developing a culture of diversity and inclusion within teams;
- place our commitment to diversity, equality and inclusion firmly at the heart of our corporate values;
- enhance our employer brand and promote breadth of careers within NI Water;
- promote inclusive employment and deliver quality job opportunities within communities across Northern Ireland;
- widen our outreach activity, to positively influence career choices, including an emphasis on attracting women into 'Science, Technology, Engineering and Maths' (STEM) careers; and
- support the diverse needs of our customers and positively support and engage with local communities.

Highlights of our equality, diversity and inclusion journey during 2024/25 include:

Employer of the year awards

NI Water added to its list of prestigious business awards, picking up Best Employee Experience Programme at the CIPD NI 2025 Awards. The award reflected the company's supportive and empowering culture, the implementation of impactful, effective and sustainable programmes to promote employee participation in shaping the company's future and delivering a variety of innovative people practices that have supported employee participation and good working lives.



Best Employee Experience Programme at the CIPD NI 2025 Awards.

In 2024/25, NI Water retained the highly coveted Silver Diversity Mark Accreditation, following assessment by an independent panel of expert judges.



Silver Diversity Mark Accreditation.

What have we done to improve diversity and inclusion?

Being best practice

This year NI Water has become recognised as a model of best practice in equality, diversity and inclusion in Northern Ireland. As well as winning business awards for our work in this area in recent years, during 2024/25 we participated in several showcase events, leading and influencing other organisations in this area, including:

- keynote speaker at Diversity Mark's Industry Showcase;
- keynote speaker at CIPD NI Annual Conference in April 2024;
- keynote speaker at CIPD NI's skills showcase in October 2024; and
- participant in the Rt Hon Justine Greening's regional round table discussions on the development of government policy on breaking down barriers to employment.

In recognition of the fact that 50% of young people from disadvantaged backgrounds in the UK leave compulsory education without GCSE Maths and English qualifications, we have changed our recruitment practice for relevant roles in our Entry Level Academy and our Reskilling Programmes, offering a skills-based alternative, assessing attitude and aptitude, including numeracy and literacy. This innovation ensures access to employment regardless of social background and attracted large numbers of high-calibre applicants to previously hard-to-fill roles.

Increasing female representation

Changes have been made to hiring practices including use of female role models and imagery in recruitment marketing, changing the performance factors used to select, use of gender-neutral language in recruitment advertising, mandatory unconscious bias training for interviewers, female mentoring initiatives and revised schools outreach campaigns to strengthen our employer brand.

Female representation has increased at every level of the organisation:

- female hires increased from 30% in 2015/16 to 40% in 2024/25;
- we have increased female representation at entry level in the last 12 months from 16% in our 2023 intake to 31% in 2024's intake;

- female uptake of our further education policy increased from 25% in 2023 to 37% in 2024;
- female representation on our Emerging Leaders Programme for future leaders rose from 12% in 2023 to 29% in 2024;
- 50% of promotions to senior leadership roles in the last 12 months have been female - contributing overall to a positive female composition at senior manager level of 31%;
- NI Water's CEO, Dr Sara Venning is one of only two female CEOs in Northern Ireland's top 100 companies; and
- increased female representation at Board and executive level from 25% to 50% with the appointment of a new female Chair and two new female Directors into roles previously held by men. This level of female representation at the top, is very unusual in the male dominated UK utility sector, where average female representation at executive level is 27%.

Our resourcing strategies in 2024/25 in key initiatives, including the Fast-track Learning for Operational Wastewater (FLOW) Programme and our Entry Level Campaign placed an emphasis on female representation in our recruitment marketing, reflected in a significant proportion of female applicants for conventionally male dominated, front-line roles, and resulting the appointment of several female candidates to these roles. Our proactive engagement with the Rathlin Island Community Association was instrumental in attracting applications from residents on the island for a Water and Wastewater Operator role, which was successfully filled by a female candidate, and showcased extensively in the local media.



What have we done to improve diversity and inclusion?

Raising awareness

During 2024/25, we undertook the following to raise awareness of equality, diversity and inclusion:

- 83% (471) of NI Water’s middle managers received Inclusive Leadership and equality, diversity and inclusion training in the last 12 months including insights to unconscious bias, allyship and cultural competency to enable them to develop diverse and inclusive cultures within their teams;
- during 2024/25, we continued our diversity and inclusion education to support our key areas of focus (gender, age, and social mobility) including our ‘Leading Ladies’ International Women’s Day and the continuation of our popular ‘Return of the Retiree’ featuring retired NI Water staff to help prepare others for retirement;
- we delivered our annual Menopause Awareness training for line managers and colleagues, in recognition of the need to support this key demographic in our workforce (7% of the team). In addition, we celebrated World Menopause Day with dedicated seminars on women’s health including menopause and breast cancer awareness as part of our biannual Live Well roadshow; and
- following an extensive consultation with our employees, contractors and the public, we have extended our Free Period Products offering from 30 sites to 74 NI Water locations across Northern Ireland.

Support our people at all stages

With 40% of our workforce over the age of 50, we are capitalising on the opportunities presented from a combined 16,226 years of knowledge and experience, reflected in the fact that 25% of all promotions in the last year went to employees over the age of 50.

We also support our older workforce in preparing for the next phase of their professional lives, offering a range of support, including practical financial sessions and social support, for retirement such as pension one-to-one clinics - to help them better understand their pension, and our now annual ‘Return of the Retiree’ event, where retired colleagues share their own experiences of retirement, and life after NI Water.

Supporting our diverse communities

Four NI Water teams competed in the Antrim Coast Half Marathon in 2024/25 to raise funds for the Cliftonville Regeneration Forum – a charity that borders our Westland Head Quarters, helping disadvantaged young people within North Belfast to receive important skills training.



Raising funds for the Cliftonville Regeneration Forum.

What have we done to improve diversity and inclusion?

In 2024/25, we continued our involvement in the Sisters IN female mentoring programme. Three female senior leaders mentored schoolgirls interested in pursuing careers in STEM or in leadership. The programme culminated in a work shadowing day at NI Water where the students and their mentors visited NI Water’s scientific laboratories, took a guided tour of a water treatment plant and had lunch with our CEO.



Sisters IN female mentoring programme

Our Cares Challenge programme – one of Northern Ireland’s most prolific corporate volunteering schemes, saw our staff go out into their local communities throughout 2024/2025. We volunteered across Northern Ireland, supporting good causes aligned to our equality, diversity and inclusion framework including Forthspring Inter-Community Group, Foyle and Southern Area Hospices and the Simon Community.

Supporting early careers

Our award-winning Apprentice Academy continues to go from strength to strength, growing from five apprentices in 2019/20 to over 100 apprentices, higher level apprentices and graduates in 2024/25. The Academy has provided important employment opportunities across our community, and has also supported our equality, diversity and inclusion ambitions, creating significant positive cultural change in the organisation, helping us achieve a more balanced age and gender profile.

We were immensely proud to see 27 Water Utility Apprentices graduate on completion of their three-year apprenticeship programme, entering the workforce as fully fledged technicians. Our graduating group (who started during lockdown) was the first group to graduate from the Entry Level Academy.

In September 2024, we welcomed a new cohort of Entry Level employees of 23 Apprentices, Higher Level Apprentices and Graduates, into programmes in Science, Construction Engineering, Commercial, Intelligent Operations, Geographic Information Systems, Finance and ICT Project Management.



NI Water’s Entry Level Academy.

What have we done to improve diversity and inclusion?

In 2024/25 we launched a new initiative to support our work to create a legacy for our communities and in education, with our new and improved hybrid work experience programme. The initiative has increased work-experience participation five-fold, while providing a significant business improvement in terms of quality and time commitment and supporting our equality and diversity ambitions, delivering the programme in partnership with leading social mobility charity, Speakers for Schools.

Bringing our values to life

During 2024/25, our 30 Values Influencers continued their work in delivering Values for All workshops, reaching most of our workforce during the year.

In October, we had the pleasure of celebrating World Values Day by hosting coffee mornings across our hubs, bringing colleagues together to reflect on our core Values - Respect, Excellence, Customer, Integrity, and Sustainability - and how these align with both personal values and workplace practices. The discussions were thoughtful and inspiring, with colleagues reflecting on how they implement our values in their daily work, providing invaluable insights and fostering a stronger, more united workplace culture.

Involving people in the decisions that affect them

Following the success of our cultural analysis and the encouraging results of our NI Water Unplugged Survey in 2023, we have trained all people managers and senior leaders (around 360 people) on how to understand their survey results at team-level. This training has helped them understand their role in driving employee engagement and how to conduct meaningful action planning. These vital skills are enabling our leaders and managers to create healthy cultures within their teams. They are supported by a team of 30 trained Engagement Champions who are working with leaders within their functional areas to act on employee survey results.

The journey continues

We've come a long way but there is more to do. In 2025/26, we will continue to roll our post-survey action planning, the delivery of our LEAD management development programme for people managers, our awareness campaigns on gender, age and social mobility, and advance our social mobility strategy to help level up Northern Ireland. We are also excited to embark on our Gold Diversity Mark Journey, building on our achievements to date, and reflecting our continued ambition to do more, setting NI Water apart as an exemplary champion of equality, diversity and inclusion in our sector and in our community.



Jo Aston
Chair of the Board
10 July 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report, the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year.

On that basis they have elected to prepare the Group and Parent Company financial statements consistent with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006, and the relevant provisions of the Water and Sewerage Services (Northern Ireland) Order 2006. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Parent Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Having taken advice from the Audit Committee, the Directors consider that the Annual Integrated Report and Accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for the Shareholder to assess the Group and Parent Company's position, performance, business model and strategy.

Each of the Directors, whose names are listed on page 158 confirm that, to the best of their knowledge:

- the Group financial statements give a true and fair view of the assets, liabilities, financial position of the Group as at 31 March 2025 and of its profit for the year then ended;
- the Parent Company's statement of financial position gives a true and fair view of the state of affairs of the Parent Company's affairs as at 31 March 2025; and
- the Strategic Report includes a fair view of the development and performance of the business and the position of the Group and Parent Company together with a description of the principal risks and uncertainties it faces.

On behalf of the board



Dr Sara Venning
Chief Executive
10 July 2025