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1. Supply Chain Resilience... Evolving Picture

NI Water continues to build resilience across our supply chain – ensuring we deliver essential water and wastewater services for our customers. Driving continuous improvement to ensure we are building resilience efficiently and effectively is just one of the actions helping us shape our plans in this evolving picture.

In line with the PPN 03/21 – and identifying critical goods within our supply chain, we are continuing to monitor / manage resilience through each phase of the Contract Management lifecycle.

At Phase 1, during procurement strategy, a question is included on our contract management system as to whether there is a critical good within that contract. Should the answer to this question be yes then a questionnaire is included in our tender documents for completion by potential suppliers. This questionnaire includes specific questions on:

- a. Manufacturer information
- b. Origin of goods
- c. Other locations used within their supply chains.
- d. Delivery routes
- e. Approximate lead times / delivery time and any known constraint information

Once the contract is awarded the supply chain questionnaire is reviewed and resilience plans are built. The risk of issues with the supply of the critical good is then continually reviewed and monitored through the life of the contract. Since the implementation of the PPN 8 contracts have been identified involving the delivery of critical goods.

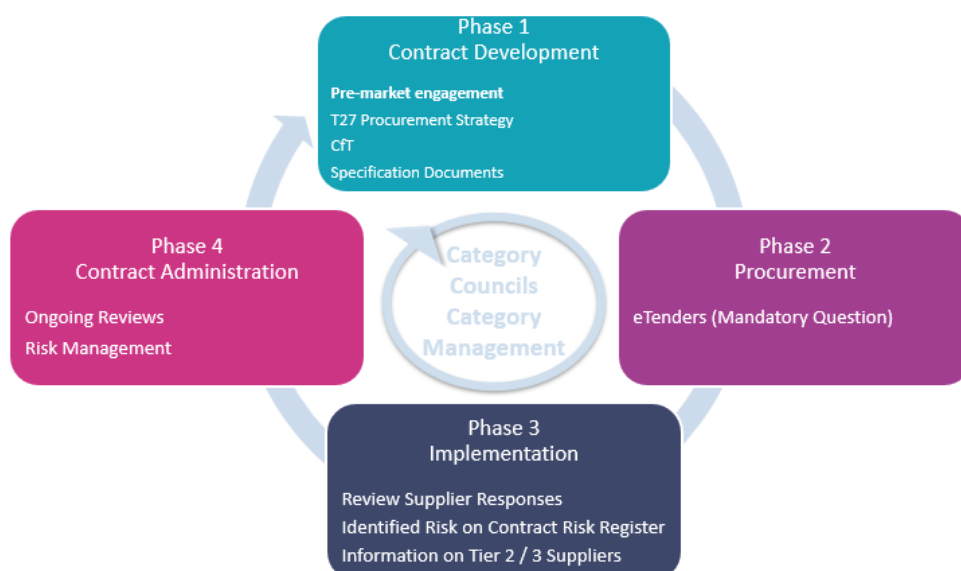


Figure 1 – Contract Management Lifecycle

2. Supply Chain Resilience in Action

The supply of chemicals to NI Water are vital in supporting us to deliver essential water and wastewater services for our customers. The chemical supply chain is often long and complex, involving multiple stages from production to delivery. It is global in scope, with raw materials and finished products moving between several countries. In addition, the chemical industry is subject to stringent regulation, which can add further complexity to supply chains.

Over a number of years, NI Water has built strong and robust chemical supply chain resilience plans, creating dashboards on who suppliers are, what countries our suppliers are manufacturing / distributing from etc. However, in an evolving world and with considerable change, several factors can test even the strongest resilience plans.

Chemical Stock Levels

As highlighted above, due to the complexities with the chemical supply chain, a risk that continues to prove to be one of NI Water's greatest challenges is the ability to hold adequate stock of certain chemicals. That said, as part of building the chemical supply chain resilience strategy, NI Water's Commercial team continue to innovate and introduce new approaches to mitigate against risk, which include:

- Adopting dual sourcing strategies to spread risk
- Developing flexible contractual arrangements to enhance our ability to react to supply chain shocks
- Chemicals supplies contracts require:
 - o Minimum stockholdings
 - o Adequate shelf life
 - o Monitoring of supply risks
 - o Regular meetings with NIW to review stock and supply issues
- Participating in monthly National Chemical Specialist Group (NCSG) meetings with other UK water utilities.

3. Ongoing Review

Supply chain resilience is an ongoing process, constantly adapting to the ever-changing landscape. Effective collaboration with both internal and external stakeholders plays a crucial role in shaping and implementing resilience strategies. However, several key challenges remain:

- **Cost:** Balancing financial constraints while investing in resilience initiatives
- **Resources:** Managing workforce, materials, and infrastructure effectively
- **External Variables:** Navigating unpredictable factors such as regulatory changes and market shifts
- **Data Analysis & Management:** Leveraging data to enhance decision-making and risk mitigation

