

NI Water Ltd
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")
Held at Westland House, Belfast
on Tuesday 24th July 2018 at 11.00 am

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| Present: | Len O'Hagan | Chair |
| | Peter McNaney | Non Executive Director |
| | John Rae | Non Executive Director |
| | Kingsley Donaldson | Non Executive Director |
| | Jim McCall | Non Executive Director |
| | Trisha McAuley | Non Executive Director (via teleconference) |
| | Sara Venning | Chief Executive |
| | Ronan Larkin | Finance & Regulation Director |
| | Sean McAleese | Customer Services Delivery Director |
| | Paul Harper | Director of Asset Delivery |
| In attendance: | Maurice Bullick | Co-opted Member of Audit and Risk Committees |
| | Mark Ellesmere | General Counsel & Company Secretary |
| | Rose Kelly | Director of People & Learning |
| | Alistair Jinks | Head of Business Improvement |
| | Paddy Cullen | Head of Communication (Item 6) |
| | Peter Johnston | Financial Controller (Items 8i, 8ii) |
| | Paul Dillon | Head of Corporate Projects (Item 9) |

The Chair welcomed Maurice Bullick to the meeting and thanked him for accepting the role of Co-opted member of the Risk Committee.

There were no apologies and no conflicts of interest declared at the beginning of the meeting.

1.
 - i. **Draft Board Minutes - 26th June 2018**
The draft minutes of the meeting on 26th June 2018 were approved.
 - ii. **Board Actions**
All actions were complete or on-going within agreed timeframes.

2. **Health, Safety and Attendance Report**
 - There were no reportable company incidents in period, there was one contractor incident currently under review.
 - The Health and Safety Strategy and Action Plan was presented to the Risk Committee earlier that day.

- The Board noted the ongoing wellbeing initiatives in terms of physical and mental health within the company.

3. **Main Board Report**

The Chair acknowledged the tremendous response by colleagues within NI Water to the recent water supply incident.

The CEO provided a presentation on the recent incident including the on-going risk to water resources. The Board discussed the response to the incident as well as the ongoing raw water supply risk in detail. The Chairman and colleagues were meeting the Permanent Secretary DFI that afternoon in order to review the situation.

It was agreed that the Company should incorporate resilience to its business plan and Board should be kept updated in this regard.

Significant matters in month.

The CEO provided an update on the following matters:

- The response of the NI Water Alpha Team in the recent incident and ongoing engagement with DFI in relation to the pay remit.
- The Company was highly commended at the recent Irish News Workplace and Employment Awards for excellence in workplace wellbeing.
- Update on taste and odour issues at Castor Bay WTW.

4. **PPP Exceptions Report**

The update report was noted.

5. **Capital Programme Quarterly Update**

The update report was noted.

6. **Engagement Strategy Update**

- The Board received a presentation on further developments in the Company's engagement strategy.
- The Chair thanked the Head of Communications for his contribution in developing a successful engagement strategy and wished him well for the future.

7. **Theme - Alpha**

The Board received a presentation on NI Water Alpha including progress in transition, risks and opportunities.

8. **Approvals**

(i) Audit Committee Recommendation, Letters of Representation to KPMG and Annual Report

- The Chair of the Audit Committee provided an update on its meeting of 18th July 2018 confirming that there were no material issues arising from the statutory or regulatory accounts.
- KPMG will issue an unqualified opinion on the statutory unregulatory accounts.
- On the recommendation of the Audit Committee the Board approved the

statutory accounts, regulatory accounts and the letters of representation to KPMG.

(ii) Proposal for Dividend

The Board considered its fiduciary duties and the solvency of the business before recommending the declaration of payment of a dividend to DFI in the sum of £26.461m. The General Counsel Secretary and Company Secretary tabled a written resolution from DFI confirming payment of the Dividend upon recommendation of the Board.

(iii) Annual Information Return

The Board confirmed its approval of the Board's overview to the AIR 18 as well as approving submission of the AIR 18 to the Utility Regulator based upon the information provided and previous discussions on this matter.

(iv) Cyber Resilience - Staff Substitution Business Case

Approved based upon the information within the report.

(v) Modern Slavery Act

Approved based upon the information within the report.

(vi) Lease for Land at Dunore Solar Farm

Approved based upon the information within the report.

(vii) IFO16 - Framework for Screening and Conditioning Equipment

Approved based upon the information within the report.

(viii) Ards/North WwTW Rationalisation

Approved based upon the information within the report.

9. Pension Update

The Board received an update on the NI Water pension scheme from the Chair of the Trustees of the scheme.

10. Information Governance Quarterly Report

The information governance quarterly report was noted.

11. Forward Look

The forward look was noted.

Any Other Business

There were no items under Any Other Business.