

NI Water Ltd
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")
on Wednesday 23rd June 2021 @ 11.00 am

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| Present: | Len O'Hagan Peter McNaney Belinda Oldfield Paddy Larkin Maurice Bullick Marie-Therese McGivern Sara Venning Ronan Larkin Paul Harper Des Nevin | Chairman Non Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director Chief Executive Finance & Regulation Director Director of Asset Delivery Director of Customer and Operations |
| In attendance: | Mark Ellesmere Rose Kelly Alistair Jinks Peter Johnston Garth Stewart Kunle Akande Cathy Uprichard Ciaran Crozier Anthony Lynn | General Counsel & Company Secretary Director of People & Learning Director of Business Services Financial Controller (Item 2ii and 2iii) Regulation Manager (Item 2iv) Reporter, Mott MacDonald (Item 2iv) Head of Safety, Health and Environment (Item 3) Head of PPP (Item 5) Head of Communications (Item 6) |
| Apologies: | None | |

One Member declared a potential conflict of interest regarding a connected person to the firm presenting Agenda Item 2.iv which was noted.

1. Minutes and Actions from Previous Meetings

- The minutes from the meetings on 25th May 2021 and 17th June 2021 were approved.
- There were no outstanding actions.

2.1 Audit Committee Recommendation

- The Chair of the Audit Committee confirmed that, at its last meeting on 15th June 2021, the Committee received the external audit report for the year ended 20/21. In summary an unqualified audit opinion was provided for the statutory accounts, regulatory accounts and the regularity audit; accounting judgements relating to estimates were within an acceptable range and there were 3 uncorrected audit misstatements none of which were in excess of the materiality threshold for the

audit and the Committee accepted Management's recommended approach to each of these matters.

- In addition there was one low level control point raised by the external auditors which Management agreed to address, the representations sought from Management by the external auditors were similar to previous years and Members were provided with an update on the draft long term viability statement to be included in the Annual Report and Accounts.
- On the basis of the above the Audit Committee recommended to the Board the approval of the Annual Report and Accounts 20/21, the Regulatory Accounts 20/21 and the associated Letters of Representation.

2.2.1 Consideration of Approval of Annual Report and Accounts 20/21 - Update

- The Finance and Regulation Director provided the Board with a summary of the approach to the preparation of the Annual Report and Accounts 20/21 to include the external audit, the impacts of Covid-19 and Brexit, the Company's status as a going concern and requirements under the Company's licence. In relation to going concern it was noted that the loan note facility for the PC21 period was now in place and that the 21/22 Operating Plan and Budget had been approved by Dfl.

2.2.2 Letters of Representation to KPMG

- The Letters of Representation were approved on behalf of the Board on the basis that there were no material changes compared to the Letters of Representation for the previous year.

2.2.3 Annual Report

- On the basis of the above the Board considered and approved the Annual Report and Accounts, the Regulatory Accounts and the Associated Letters of Representation for 20/21.

2.3 Overview of the Subsidiary Companies Accounts for 2020/21

- The Overview of the Subsidiary Companies Accounts for 20/21 was noted.

2.4 2021 Annual Information Return

- The Board received a presentation from the Reporter on the 2021 Annual Information Return.
- There were no material issues to highlight to the Board based on the work done to date.
- The Reporter confirmed that the Company's Procurement Plan 2021 was in line with its licence.
- A number of recommendations were made in relation to the 2022 Annual Information Return.
- On that basis the Board approved submission of the AIR 2021 to the Utility Regulator in line with the report.

The Chair welcomed 2 awards by the Chartered Accountants Ireland for the Company's Annual Report and Accounts for 19/20 namely Highly Commended for the 19/20 Annual Report and Accounts and overall winner for content on Corporate Social Responsibility and Sustainability. The Chair also thanked, on behalf of the Board, Peter Johnston, the

Company's Financial Controller for his long and excellent service to the Company and wished him every happiness in his retirement.

3. Health and Safety Report

- There were no NIW KPI incidents and no Contractor RIDDORs in period.
- Progress in relation to the Health and Safety Strategy Action Plan was noted.

4. Main Board Report

Significant matters in month.

The CEO provided an update on the following matters:

- Approval of the Operating Plan and Budget for 21/22 was confirmed by Dfl.
- Board input on the PC21 FD Workshop held on 17th June was welcomed and the planned response to the UR was confirmed.
- Water Senior Stakeholders Group - the outcome from a recent meeting of this group was noted.
- Supply Chain Input Price Concerns - the Company continues to engage with CEF around concerns raised in relation to rising input prices.

Colleagues

- Approval of the 20/21 Pay Reviews by Dfl for both Alpha and the Company was welcomed.

Customer

- Targets in relation to unwanted contacts and net promoter score are currently amber - work continues to assess how these can be achieved.

Water and Wastewater

- Water Quality and Wastewater Compliance are on track for delivery.
- Green Economy - the proposed "Power of Water" report was noted and welcomed.

Finance

- Performance targets on track for delivery - capital spend lower than forecast - focus on catch up over the summer period.

5. PPP Exceptions Report

- The update report was noted including progress in relation to the Omega Facilitation.

6. Engagement Strategy Update

- The Board welcomed the video presentation in advance of the meeting as well as the impact being made by the Company on social media.

7. ACE Update

- The video and presentation were noted and the Chair recognised the significant achievements delivered during the PC15 period which were all in excess of the initial targets.

- The plans for PC21 were noted including the significant increased spend and anticipated efficiencies in relation to capital investment.

8. Theme - Hybrid Working

- The Board welcomed the presentation in relation to the workstreams underway to enable hybrid working, where appropriate, within the Company.

9. Approvals

9.1 C1086 - Metered Electricity Contract

- C1086 - Metered Electricity Contract award was approved based upon the information provided within the paper.

9.2 C1090 - Cyber Resilience Skills Partner

- C1090 - Cyber Resilience Skills Partner Contract award was approved based upon the information provided within the paper.

9.3 Slavery and Human Trafficking Statement

- The Slavery and Human Trafficking Statement was approved based upon the information provided within the paper.

9.4 Procurement Plan 2021

- The Procurement Plan 2021 was approved based upon the information provided within the paper.

10. Forward Look

- Forward look was noted

11. Any Other Business

- There were no items under AOB.