

FUTURE WATER ANNUAL LIAISON MEETING

April 2026

NWG TEAM

Phil Hicks – Head of Procurement

Chelsea Ormsby – Category Manager (CAPEX)

Lily Crow – Category Manager (CAPEX)

Stuart Smith – Investment Planning Lead

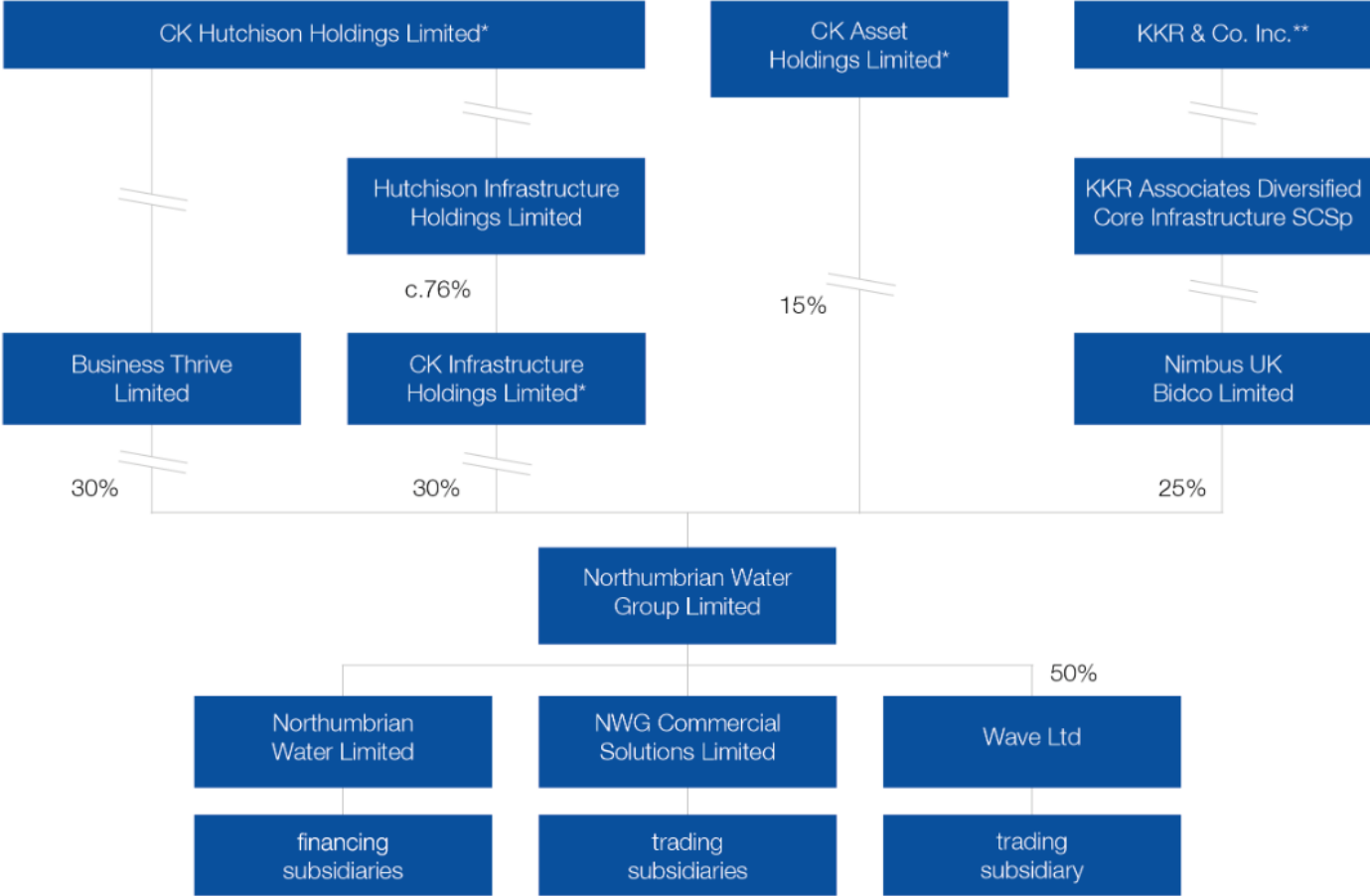
Crawford Winton – Regulation Manager

Sarah Cox – Innovation Partnerships Manager

STRUCTURE

Group structure












CORPORATE STRUCTURE



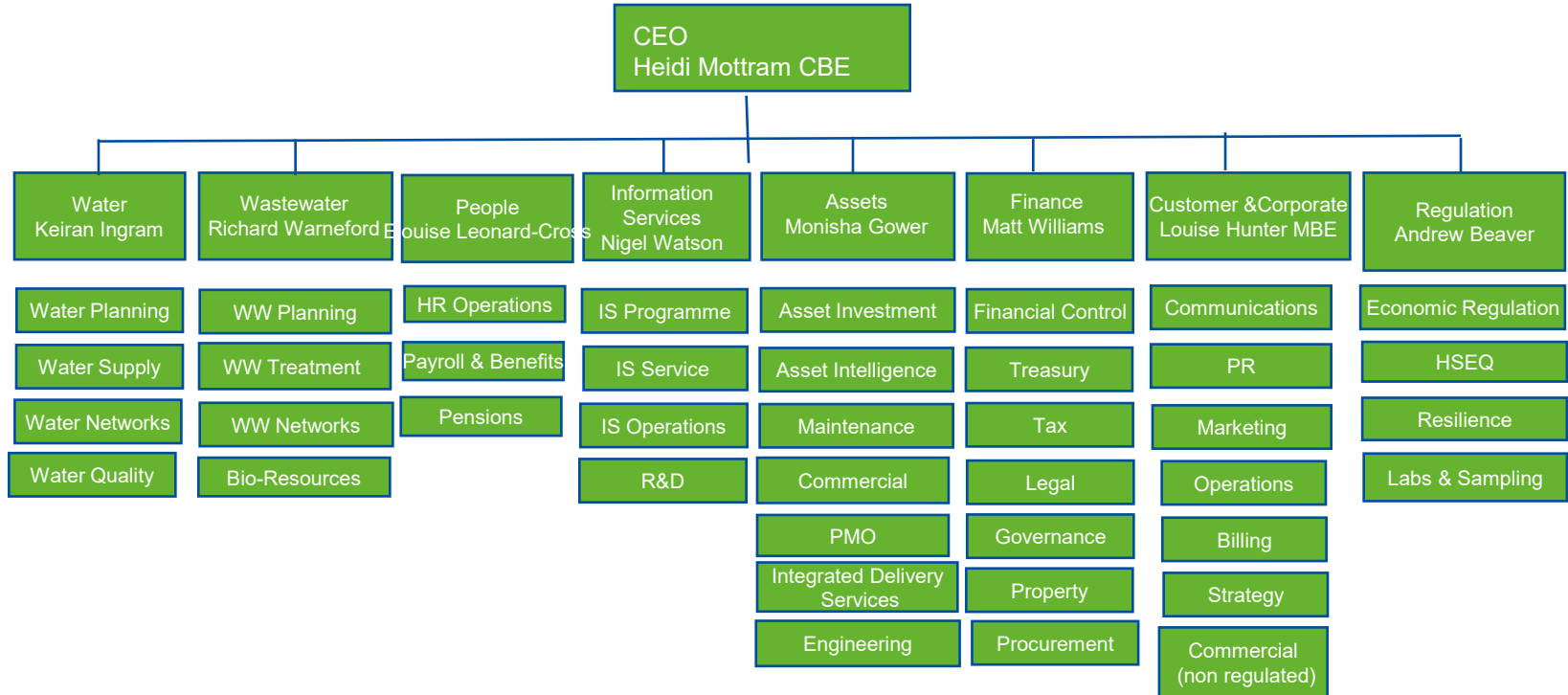
NWL BOARD OF DIRECTORS

Board Sub-Committees

- Audit Committee
- Risk & Compliance Sub Committee
- ESG Committee
- Nomination Committee
- Remuneration Committee

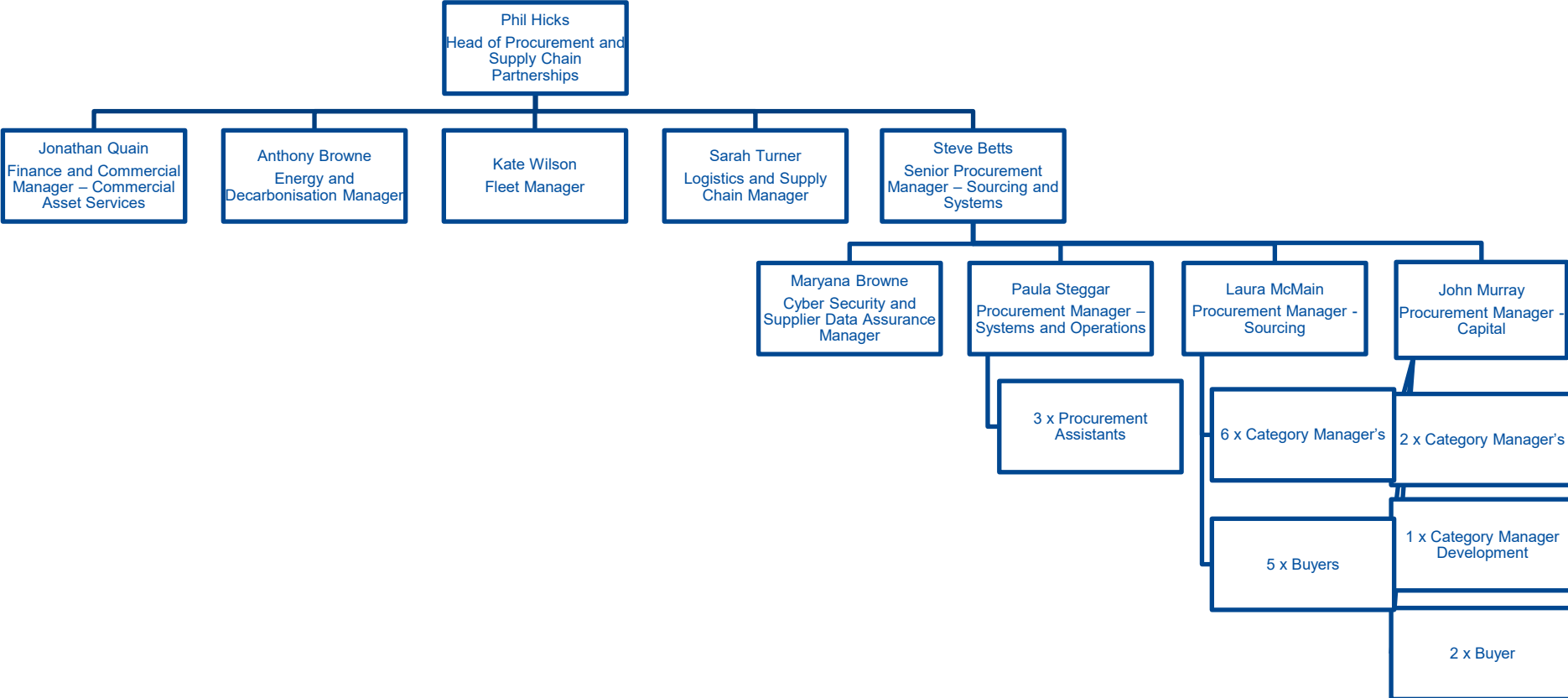
 <p>Andrew John Hunter Non-Executive Chairman Find out more</p>	 <p>Heidi Mottram Chief Executive Officer Find out more</p>	 <p>Loi Shun Chan Non-Executive Director Find out more</p>	 <p>Hing Lam Kam Non-Executive Director Find out more</p>
 <p>Duncan Nicholas Macrae Non-Executive Director Find out more</p>	 <p>Bridget Rosewell Independent Non-Executive Director Find out more</p>	 <p>Alan Bryce Senior Independent Non-Executive Director Find out more</p>	 <p>Richard Sexton Independent Non-Executive Director Find out more</p>
 <p>Jacquie McGlade Independent Non-Executive Director Find out more</p>	 <p>Peter Vicary-Smith Independent Non-Executive Director Find out more</p>	 <p>Richard Somerville General Counsel and Company Secretary Find out more</p>	

NWL EXECUTIVE LEADERSHIP TEAM



2026 PROCUREMENT STRUCTURE

PROCUREMENT WITHIN NWG



NORTHUMBRIAN
WATER *living water*

ESSEX & SUFFOLK
WATER *living water*

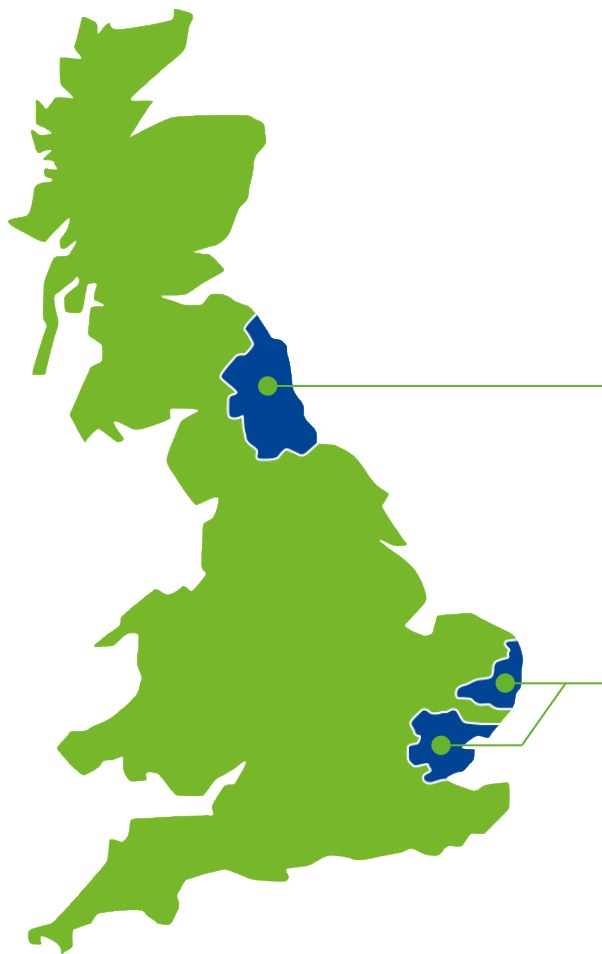
NORTHUMBRIAN WATER GROUP



WHO IS NORTHUMBRIAN WATER GROUP?

COMPANY OVERVIEW

COMPANY OVERVIEW



NORTHUMBRIAN WATER *living water*

Provides **water and wastewater** services to **2.7 million** people in the North East

ESSEX & SUFFOLK WATER *living water*

Provides **water only** services to **2 million** people in Essex and **0.4 million** people in Suffolk

NWL employs **3,900** people and operates:

- 50** water treatment works
- 385** water pumping stations
- 304** water service reservoirs
- 36** reservoirs
- 26,366** km water mains
- 412** sewage treatment works
- 966** sewage pumping stations
- 30,180** km sewers

OUR PURPOSE, VISION & VALUES

OUR PURPOSE

Caring for the essential needs of our communities and environment, now and for generations to come.

We do this by providing reliable and affordable water and wastewater services for our customers.

We make a positive difference by operating efficiently and investing prudently, to maintain a sustainable and resilient business.

OUR VISION

Our vision is to be the national leader in the provision of sustainable water and waste water services.



OUR STRATEGIC THEMES



CUSTOMER



ENVIRONMENT



COMPETITIVENESS



PEOPLE



COMMUNITIES

OUR VALUES



CUSTOMER FOCUSED



ONE TEAM



RESULTS DRIVEN



ETHICAL



INNOVATIVE

OUR REPUTATION



TOP PERFORMER



Industry leading customer service

Top performer for C-Mex



Servicemark accreditation for customer service

Awarded ServiceMark by Institute of Customer Service



Reducing water poverty

More than 150,000 customers receiving affordability support



Sewer flooding

Achieved performance commitment on all measures for the second year running



Great place to work

Ranked in the top 40 UK employers as a great place to work by our employees



Ethisphere – world's most ethical companies

Recognised for the 14th time and only water company on the list



Supporting local suppliers

Over 60p in every £1 spent with local suppliers in our operating regions



Leading in Innovation

World's largest smart sewer network and National Underground Asset Register live across UK



CARING FOR PEOPLE, PLANET AND COMMUNITIES



90% reduction

in operational greenhouse gas emissions* since 2009
**Scope 1 and 2 emissions*



Over 1%

of profits invested in community activities



14

years of being named one of the world's most ethical companies
(by Ethisphere)



£1.3m

donations to wildfire projects through our Branch Out scheme



61.74p

in every £1 is spent in our communities



77%

Trust Index score within the 'Great Place to Work' survey

REGULATION UPDATE

Crawford Winton
Regulation Manager

PROSPECTS FOR AMP8

AMP8

AMP7: Challenging times...

AMP7 in full: 2020-25

- Industry overspent FD base totex by £4.6bn (14%)
- Industry was in net £800m ODI penalty (only 2 companies outperforming)
- Thames Water financial difficulties
- Storm overflow reporting has become a political issue
- Asset resilience incidents at South East Water

Wholesale base expenditure and allowances over the 2020-25 period (£m, 2017-18 prices) ¹				
Company	Cumulative totex	Cumulative allowance	Variation	Relative variation
Anglian Water	3,641	3,430	210	6.1%
Dŵr Cymru	2,438	2,126	312	14.7%
Hafren Dyfrydwy	141	125	16	13.2%
Northumbrian Water	2,250	2,016	234	11.6%
Severn Trent Water	4,653	4,677	-24	-0.5%
South West region ²	1,784	1,382	402	29.1%
Southern Water	3,468	2,231	1,238	55.5%
Thames Water	8,021	7,020	1,001	14.3%
United Utilities	4,418	3,954	464	11.7%
Wessex Water	1,514	1,419	96	6.7%
Yorkshire Water	3,381	3,008	373	12.4%
Affinity Water	1,118	990	128	12.9%
Bristol region ²	375	367	8	2.1%
Portsmouth Water	139	145	-6	-4.1%
South East Water	716	630	85	13.5%
South Staffs Water	405	398	7	1.9%
SES Water	227	183	44	24.3%
Total	38,690	34,102	4,588	13.5%

AMP8

Ofwat – Performance Report 2024/25 – One leading company

Company	Customer satisfaction ¹	Priority services	Leakage ¹	Per capita consumption ¹	Supply interruptions ¹	Drinking water quality ²	Mains repairs	Unplanned outage	Internal sewer flooding ¹	Pollution incidents (category 1-3) ¹	Sewer collapses	Treatment works compliance ²
Leading												
Portsmouth Water					•				-	-	-	-
Average												
Anglian Water				•								
Hafren Dyfrdwy												
Northumbrian Water					•				•			
Severn Trent Water					•							
South West Water – South West region ³									•			
United Utilities												
Wessex Water												
Affinity Water					•				-	-	-	-
South West Water – Bristol region ³									-	-	-	-
South East Water									-	-	-	-
South Staffs Water									-	-	-	-
Lagging behind												
Dŵr Cymru									•			
Southern Water												
Thames Water												
Yorkshire Water												
SES Water									-	-	-	-

Categorisation of performance	
•	Top performer
	At or better than performance commitment level
	Poorer than performance commitment level
-	N/A for water only companies

Northumbrian Water – EA Two Star Company in 2024

Water and sewerage companies Environmental Performance Assessment 2024



For a version of this document in an accessible format, and for individual water and sewerage company data reports please visit:
<http://www.gov.uk/government/publications/water-and-sewerage-companies-in-england-environmental-performance-report-2024>

Metric and units ¹	Total pollution incidents per 10,000km ² (actual)	Serious pollution incidents – actual number	Self-reported pollution incidents % ³	Discharge permit compliance ⁴ % (failing sites)	Satisfactory sludge use and disposal %	WINEP ⁵ scheme delivery on time %	Supply Demand Balance Index (SDBI) score	Performance star rating (out of 4) ¹
Anglian Water	57 (437)	7	88 (93)	99.3 (6)	100	99.4	100	★★☆☆
Northumbrian Water	39 (117)	0	90 (92)	97.2 (5)	100	100	99	★★☆☆
Severn Trent Water	29 (274)	1	90 (100)	99.5 (4)	100	100	100	★★★★
Southern Water	68 (269)	15	82 (86)	98.2 (6)	99.59	98.5	100	★★☆☆
South West Water	108 (189)	4	82 (89)	98.1 (6)	100	98.3	100	★★☆☆
Thames Water	43 (470)	33	75 (90)	98.7 (5)	100	75.2	100	★☆☆☆
United Utilities	45 (347)	2	90 (94)	98.2 (7)	99.64	99.4	100	★★☆☆
Wessex Water	62 (215)	0	92 (97)	99.7 (1)	100	100	100	★★☆☆
Yorkshire Water	29 (151)	13	78 (84)	98.4 (5)	99.67	95.6	100	★★☆☆
Sector - England	47 (2,469)	75	85 (92)	98.8 (45)	99.89	97.0	99.9 (average)	
Dŵr Cymru Welsh Water	36 (132)	6	74 (82)	98.7 (8)	100	100	99	★★☆☆

AMP8

Water White Paper – January 2026

- New Water Regulator – supervisory, proactive, targeted to specific companies
- Performance Improvement Regime for poorly performing water companies
- Stronger regional planning
- Asset health – resilience standards, ‘MOT’ approach
- 5, 10 & 25 year planning approach to smooth out investment cycles
- Transition Plan to come later in 2026



Supply Chain: Joint assessment by regulators and systems planners to map out the sector's infrastructure delivery needs in relation to current and future supply chain capability.

AMP8

NWL Key themes for PR24 (2025-30, AMP8)

- £4bn Capital programme – driven by £3bn of enhancements
- Bill increase of 19% plus inflation over 2025-30

Long term planning (25 years) significant expenditure anticipated for:

- Water Resources Management Plan WRMP
- Drainage & Wastewater Management Plan DWMP

Specifically:

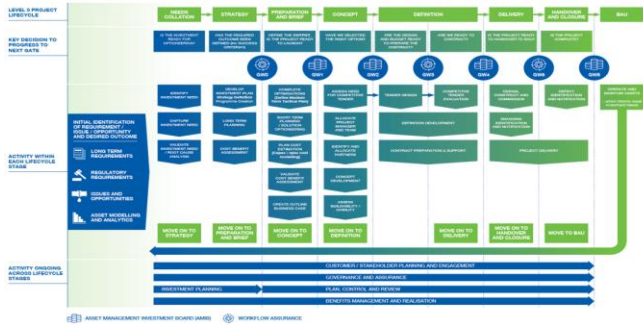
- Suffolk Water Resources
- Storm Overflows
- Nutrient neutrality WINEP (including long sea outfall)
- Asset maintenance backlog

NWL AMP8 capital programme will increase from current £300m pa to over £800m pa

THANK YOU

CAPEX UPDATE

Stuart Smith



ASSETS



Integrated Delivery Services

Total



Enhancement



Base





WATER



WASTEWATER



ASSETS

THANK YOU

INNOVATION UPDATE

Sarah Cox
Innovation Partnerships Manager

OUR ETHOS

Our **Innovation Strategy** is intrinsically linked to NWG's company purpose and vision and is aligned to the strategic themes from our business plan.

Innovation is one of our company values, and we are proud to say we continuously strive for innovative and better ways to deliver our business.

Our purpose as an Innovation team is to be a beacon to inspire, support, facilitate and create organisational value through leading in innovation in the UK water sector and beyond.

Our Vision: To be leading in Innovation in the UK water sector and beyond.



Customer Focused



One Team



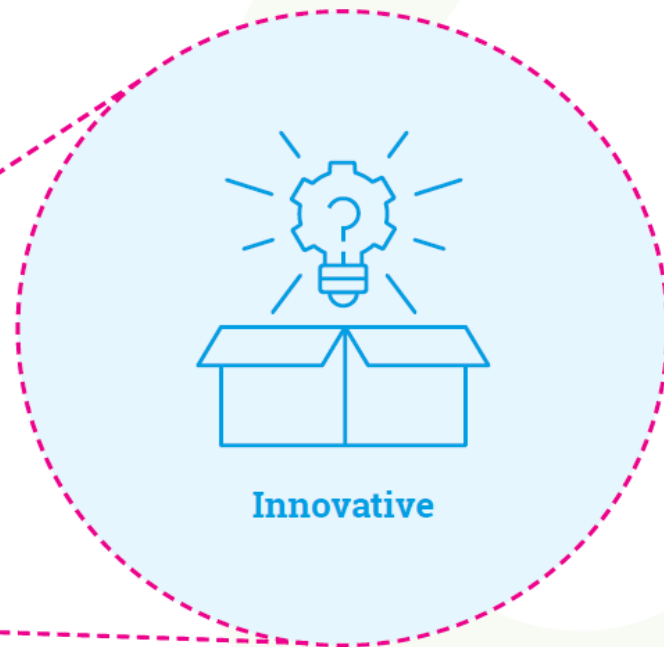
Results Driven



Ethical



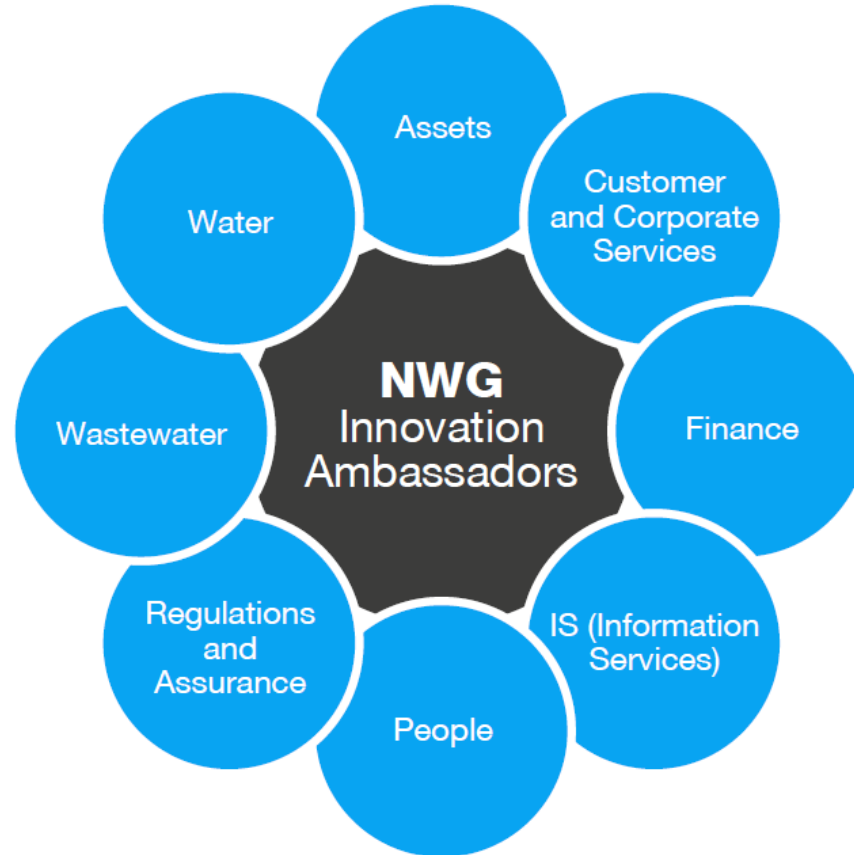
Innovative



Innovative

PEOPLE: OUR CULTURE

Innovation is an **important pillar within NWG** and is not a separate department. Innovation activities at NWG operate within a hub and spoke model, meaning innovative work is spread across all functions and directorates.

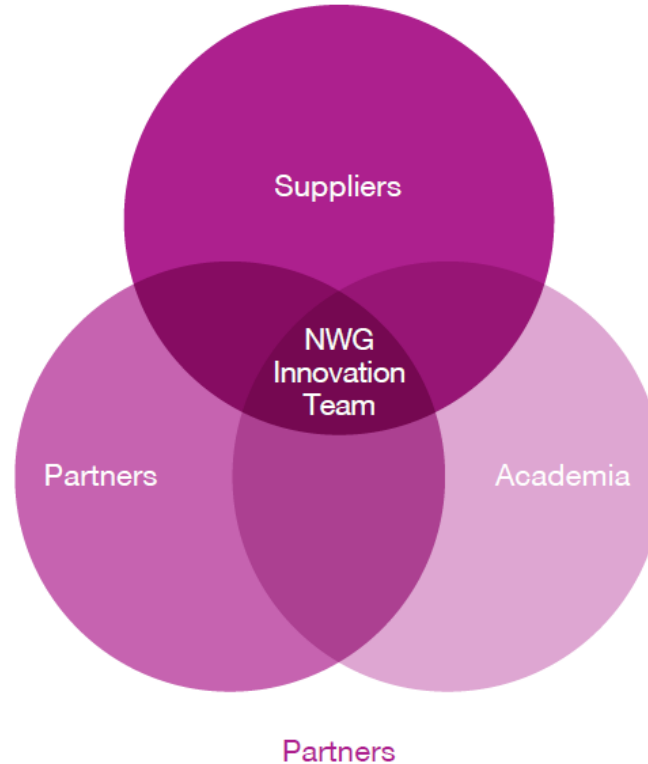


Innovation Ecosystem

We build strong enabling relationships with external organisations and individuals to support us in delivering our strategy. Over the years we have built sustainable partnerships at an industry and regional level to deliver innovative solutions that benefit our customers and the communities in which we operate.

We leverage the expertise of our framework partners and Living Water Enterprise to support us in achieving our bold ambitions.

We are continuously identifying new partners based on what we can learn from different industries



Our thriving Research and Development (R&D) programme forms an important part of our innovation strategy; de-risking innovation by resolving uncertainties and allowing novel solutions or new technologies to be implemented in a safe and secure manner. It also allows for up-front due-diligence to be carried out and for learning and insights to be robustly captured as new approaches are tested. Our R&D programme also provides a powerful opportunity to broaden and strengthen our ecosystem – connecting partners, academics and innovators to accelerate breakthroughs and deliver lasting value for our customers, communities and the environment.



INNOVATION PIPELINE PERFORMANCE

£189M

Potential Value (annual)

£943.11M

Sum of Potential Value over 5 years

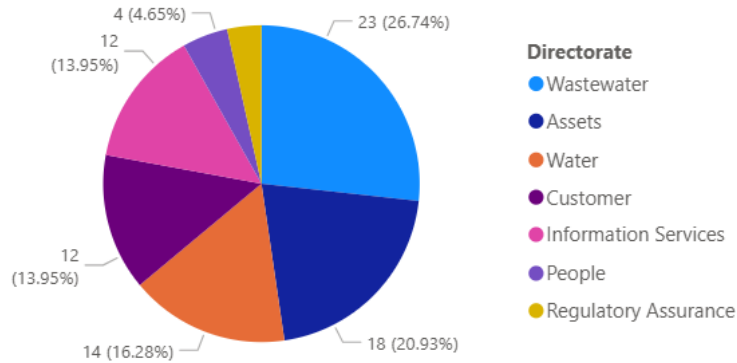
86

Live Projects

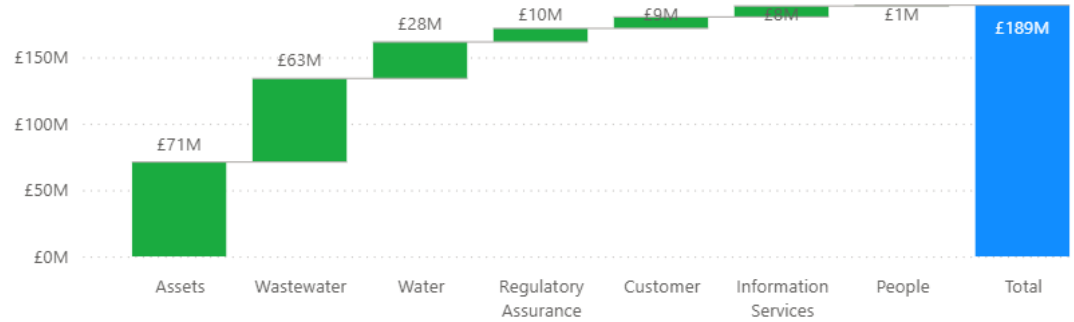
£7.64M

Delivered Value 2025

Live Projects by Directorate



Potential Annual Value by Directorate



No. of new Projects added to the pipeline 25/26

Year	Assets	Customer	Information Services	People	Regulatory Assurance	Wastewater	Water	Total
2025	45	45	37	5	8	74	79	293
Total	46	48	37	5	8	74	80	298

Directorate	Live Projects	Potential Value (annual)	% annual	Potential Value over 5 years	% 5 years
Assets	18	£71,110,148	38 %	£357,525,000	38 %
Wastewater	23	£62,904,115	33 %	£313,045,577	33 %
Water	14	£27,505,000	15 %	£134,025,000	14 %
Regulatory Assurance	3	£10,200,000	5 %	£52,000,000	6 %
Customer	12	£8,600,987	5 %	£42,502,209	5 %
Information Services	12	£8,277,943	4 %	£40,884,715	4 %
People	4	£625,000	0 %	£3,125,000	0 %
Total	86	£189,223,193	100 %	£943,107,501	100 %

Innovation Festival

The Innovation Festival has grown from humble beginnings into a globally recognised event, now attracting more than 3,000 participants each year. It has become a powerful catalyst for ideas, creativity, and collaboration – bringing together industry leaders, partners, academics, and innovators to tackle some of the most pressing challenges facing the water sector. As our reputation and reach expand, so too does our ambition to shape a better tomorrow, driving solutions with meaningful, lasting impact.

Serving as a dynamic platform for ideation, project acceleration, and partnership formation, the festival ensures Northumbrian Water remains at the forefront of innovation. By harnessing input from academic partners, our supply chain, Isle Utilities TAG, Trial Reservoir, Spring Challenges, and other key industry initiatives, the festival connects bold thinking with practical action to accelerate progress and deliver positive change.





SAVE THE DATE

for Northumbrian Water's
Innovation Festival 2026!

6-9 JULY

OFWAT FUNDING

The Innovation Festival is a hot bed for brilliant Ofwat Innovation Fund ideas.

Northumbrian Water Group (NWG) has submitted **19 winners** within the Ofwat Water Breakthrough Challenge. We are also taking part in **18 further Ofwat funded projects**, led by other water companies, as a supporting partner

After four rounds of the Water Breakthrough Challenge, NWG has won funding amounting to a total of **£38.7 million**, with **13 Catalyst projects** amounting to **£13.65 million** and **6 Transform projects** amounting to **£25.03 million**.

19 winners
within the Ofwat Water Breakthrough Challenge



Supporting (or have supported... some now complete) other water companies in
18 projects



£38.7 MILLION

13 Catalyst
projects



£13.65m

6 Transform
projects



£25.03m

INNOVATION COLLABORATE WITH US

**WE ARE
SHAPING
THE FUTURE
OF WATER
INNOVATION
IN THE UK**

NWG
living water

- **Understand Our Priorities** – available on our website
- **Engage with Innovation Platforms** – Join initiatives like **NWG's Innovation Festival** & explore funding opportunities (e.g., Ofwat Innovation Fund)
- **Build Relationships & Trust** – Network with key decision-makers, be open to co-development
- **Keep It Clear & Impactful** – Make your proposition simple, results-driven, and easy to understand. Highlight agility and unique value
- **Be Ready to Scale** – Ensure your solution can grow and meet compliance & regulatory standards
- **Be Persistent but Patient** – Procurement & trials take time - stay adaptable and engaged

THANK YOU

PROCUREMENT UPDATE

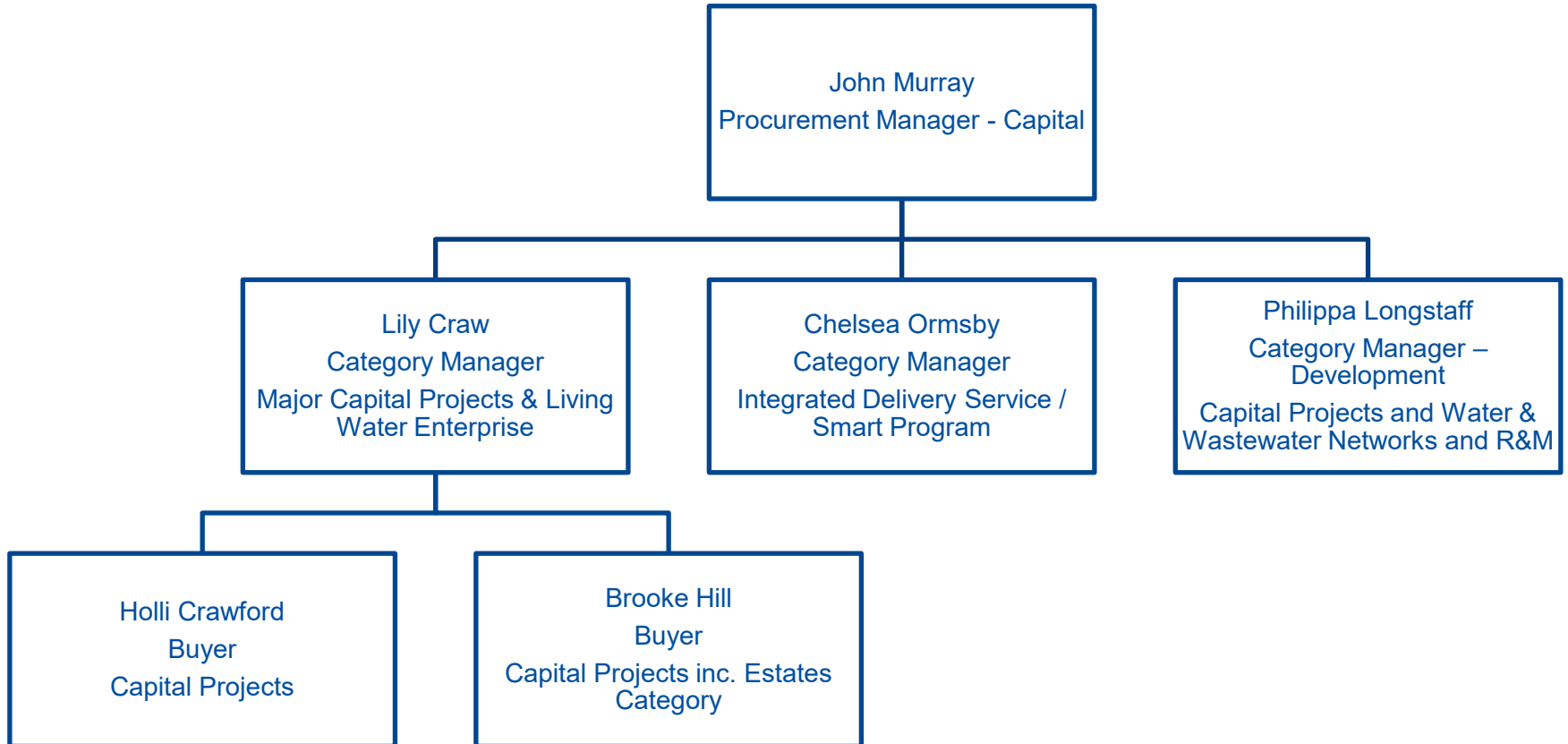
More information can be found on the NWG supply chain website: <https://www.nwg.co.uk/responsibility/supply-chain/>

CAPEX PROCUREMENT

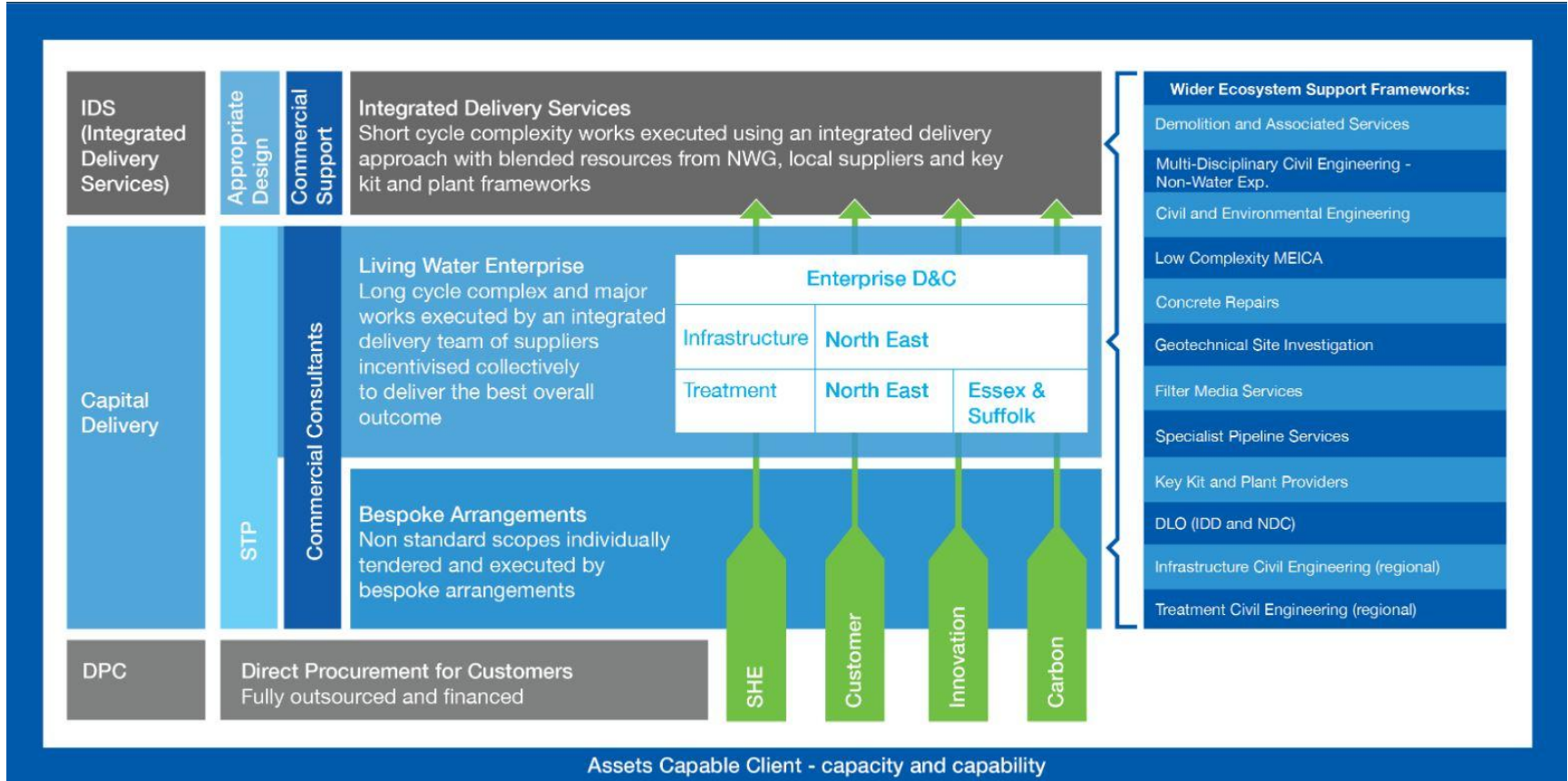
Chelsea Ormsby & Lily Craw
Category Manager's CAPEX

Procurement Structure

CAPITAL PROCUREMENT



LIVING WATER ENTERPRISE NWG AMP8 DELIVERY MODEL



AMP8 DELIVERY

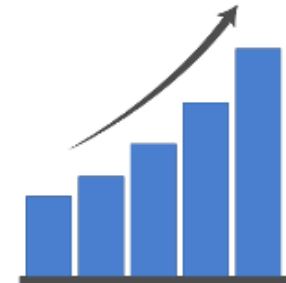
INTEGRATED DELIVERY SERVICES

IDS

PURPOSE AND OBJECTIVES

Integrated Delivery Services purpose is to deliver short cycle works executed using an integrated delivery approach with blended resources from NWG, framework and local suppliers, and key kit and plant frameworks.

- Form integrated teams to drive efficient 'best value' delivery.
- Be innovative not only in design but also approach.
- Create lasting and effective delivery partner relationships.
- Help NWG attain ambitious goals.
- Create career pathways and allow people to thrive.
- Enhance our customer focused reputation.



AMP8 DELIVERY LIVING WATER ENTERPRISE

INTRODUCING THE LIVING WATER ENTERPRISE OVERVIEW



The Living Water Enterprise exists to optimise delivery of Northumbrian Water Group's complex long cycle programmes. It's a fully integrated, highly collaborative delivery route which works seamlessly to achieve the best overall business outcomes.

The Living Water Enterprise will:

- Think and act as a single entity, focused on outcomes and mutual goals;
- Incentivise performance to make sure collective success is the priority, not financial returns for any individual party;
- Embed TOTEX principles across the Enterprise from the outset;
- Place Delivery Optimisation as one of its key priorities, and will consider this at a programme level to so that we operate a best athlete principle rather than rigid supplier boundaries.

LIVING WATER ENTERPRISE

OUR PARTNERS



DIRECT PROCUREMENT FOR CUSTOMERS WHAT AND WHY

Direct Procurement for Customers (DPC) is a delivery model established by OFWAT to enable the competitively tender out the design, build, finance, and operation of large-scale infrastructure projects (over £200m) to third-party providers.

This model is still in its infancy within the Water Sector (with only HARP awarded to date) however there are many projects to be delivered via DPC in AMP8.

Water supply resilience challenge: future need

“If no action is taken between 2025 and 2050, there will be a shortfall of around 5,000 million extra litres of water per day in public water supply ~ a third of our current supply.”

Source: A summary of England's revised draft regional and water resources management plans, Environment Agency (2024)



DIRECT PROCUREMENT FOR CUSTOMERS (DPC) NWL PROJECTS

Northumbrian Water have one DPC scheme:

- **Suffolk Resilience (New Reservoir)** with an estimated value of £1b.
- Strategy and research progressing alongside programme development.

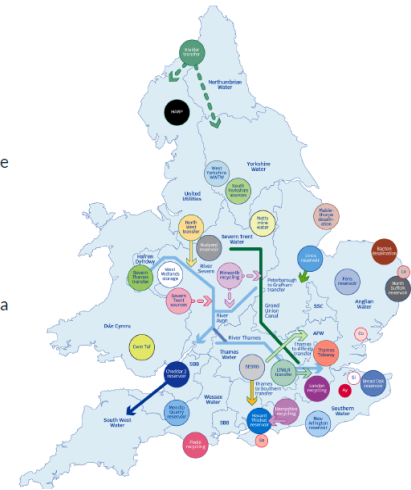
Also **Kielder Transfer SRO** option being investigated:

- to Yorkshire Water
- to United Utilities

If either scheme gets approval it may result in DPC schemes for AMP9.

Major Project Pipeline

- Ofwat has included 30 projects into the Major Projects pipeline for PR24. The Cheddar 2 and Poole projects are key components of the pipeline.
- Ofwat has allowed companies up to £2.15 billion at the PR24 final determinations to enable water companies to jointly investigate and develop these.
- 27 of these projects are proposed to be delivered via competitive delivery routes such as Direct Procurement for Customers.



© 2018: BUSINESS

CAPITAL PROCUREMENT

PROCUREMENT ACTIVITY

Live tenders:

- Continuous Water Quality Monitoring
- Screens (Seaton Carew)
- Chemical Dosing
- Domestic Heating & Electrical Compliance

Upcoming adverts:

- Mains Renewals (ESW)
- Directional drilling/tunnelling – understanding requirement
- Archaeological/geophysical surveys – understanding requirement
- Low carbon concrete solutions – market research
- Tertiary Solids Removal – market research

OPEX PROCUREMENT

Andriy Volkov
Category Manager OPEX

OPERATIONAL PROCUREMENT – SOURCING TEAM

WHO ARE WE?

- Team of 11 (6 CM and 5 Buyers) covering a spend of circa £350 million
- Utilising category management model with a focus on world class tendering
- Ensuring we stay informed about market developments and supplier innovation
- Introduced more robust contract and supplier relationship management
- Active collaboration with other water companies (NCSG* and joint sourcing)
- Key Focus on savings. 2025 achieved £9.4m efficiencies, including off budget, one off rebates and costs avoidance.
- Aim of becoming a Trusted business commercial partner, bringing positive challenge, innovative solutions and tangible value

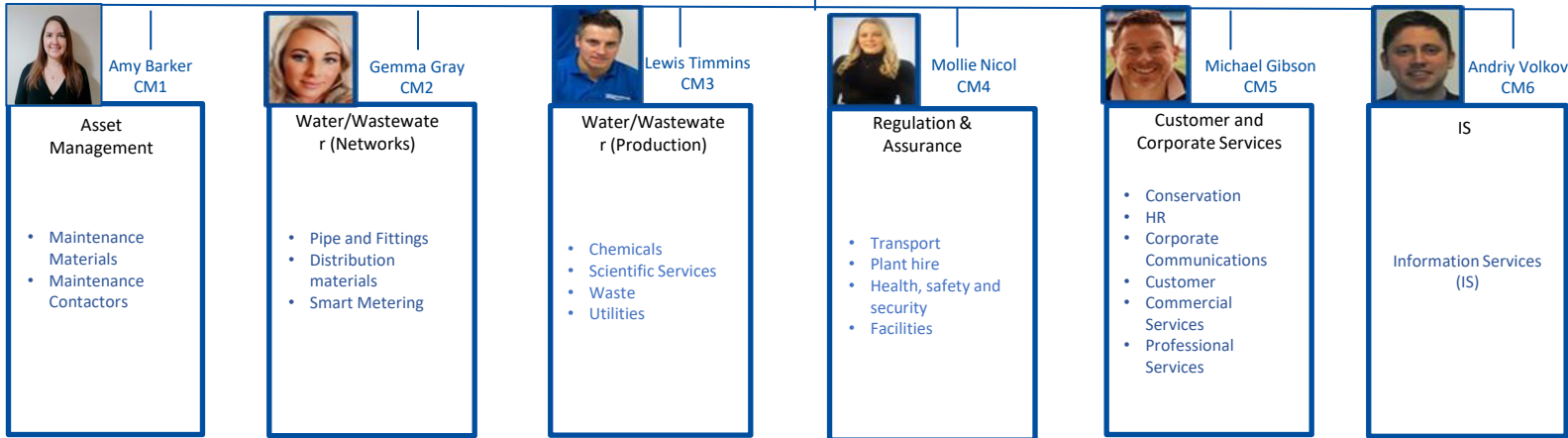
OPERATIONAL PROCUREMENT – SOURCING TEAM

OPEX TEAM STRUCTURE



Laura McMain
Procurement Manager – Sourcing

Category Management Team



Buying Team



WHAT DOES PROCUREMENT LOOK LIKE AT NORTHUMBRIAN WATER



We apply a strategic category management approach to procurement at Northumbrian Water which follows a sourcing lifecycle, with the typical critical gateways outlined below.

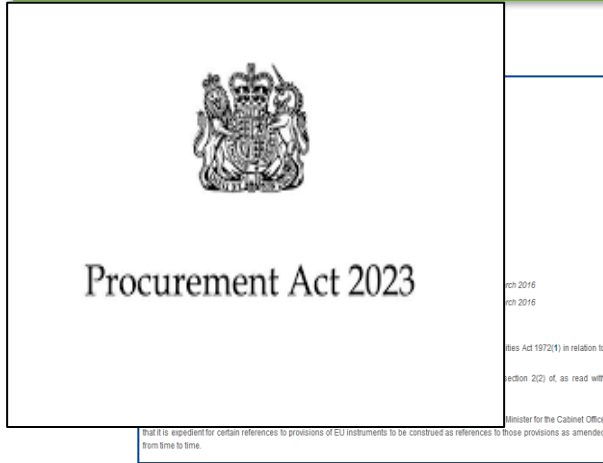


OPERATIONAL PROCUREMENT – SOURCING TEAM

SPEND THRESHOLDS



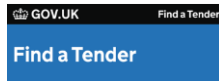
Our procurement processes follow The Procurement Act 2023¹ which have total cost of ownership spend thresholds built into the regulations. This means for certain values, we are obligated (by law) to tender to the open marketplace or via the UVDB, which is the utility industry vendor database managed by Achilles.



Threshold	Requirement
Up to £5,000	Minimum Single Quotation (Ad hoc Requirements)
£5,000 - £49,999	Minimum Three Quotes (Ad hoc Requirements)
£50,000 - £346,200	ARIBA Tender Process (Major Spend)
£346,200 +	Achilles UVDB/Find a Tender Process (Major Spend)
Threshold for Works Contracts: - <u>£4,327,500</u>	



Invitation to our Tender portal to pre-selected vendors



Opportunities open to suppliers registered with UVDB/open market

NORTHUMBRIAN WATER SUPPLIER ENGAGEMENT PROCUREMENT PIPELINE



Annually we deliver a high volume of sourcing events for required goods and services. We have a healthy procurement pipeline, and key future activities are outlined below to provide insight into our procurement activities.

DESCRIPTION	Category	Expected award
Media Buying	Marketing and communications	Q3 26
Biodiversity Net Gains	Conservation	Q2 26
Woodland Management Essex	Conservation	Q3 26
AI Powered contact centre WFM Platform	IS	Q3 26
Noise Loggers	Maintenance	Q4 26
Propane	Chemicals	Q2 26
Cloud Migration Services Framework	IS	Q3 26
Pump hire	Plant	Q4 26
Oxygen	Chemicals	Q4 26
Debt Collection Framework	Customer	Q4 26
Security Ops Centre support	IS	Q4 26
Janitorial Supplies	Materials	Q4 26
Stationery	Facilitates	Q4 26
Hand Tools	Materials	Q4 26
Grounds Maintenance	Maintenance	Q4 26
Traffic Management	Plant	Q4 26
General Non-Operated Plant Hire	Plant	Q4 26
Centrifuge Hire and Maintenance	Maintenance	Q4 26

THANK YOU