

## Table of Contents

1. Supply Chain Resilience... Evolving Picture .....	2
2. Supply Chain Resilience in Action .....	3
3. Ongoing Review .....	3

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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 have made some changes to our approach and process over the last 12 months.

While we still use our contract management lifecycle model (figure 1) and each of the phases as touch points to build supply chain resilience – some changes include:

1. At Phase 1, when creating and developing procurement specifications and documents, a question is now included on our contract management system as to whether there is a critical good within that contract.
2. A policy dashboard has been created within our contract management system, enabling us to identify tenders that incorporate critical goods.
3. The questionnaire we created (which is sent to bidders where critical goods have been identified) has been streamlined and modified to include more 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

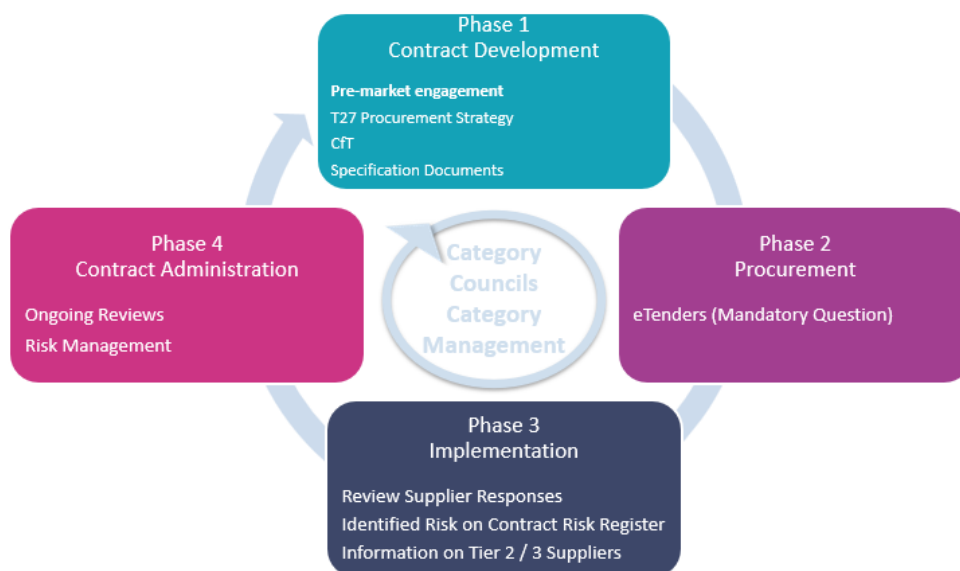


Figure 1 – Contract Management Lifecycle

## 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, a number of 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
- 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

Building resilience across the supply chain continues to evolve with change being ever constant. Collaboration with internal and external stakeholders undoubtedly helps to support in the shaping and execution of various resilience strategies, but we still face challenges which include:

- Cost
- Time
- Resource
- External variables
- Data Analysis and Management