

WATER SERVICES REGULATION AUTHORITY

WATER INDUSTRY ACT 1991, SECTION 13(1)

Modification of the Conditions of Appointment of Northumbrian Water Limited

Made on 22 July 2019

The modifications in Schedule 1 attached hereto will come into effect on 1 August 2019

The Water Services Regulation Authority, in exercise of the power conferred on it by section 13(1) of the Water Industry Act 1991 ("the 1991 Act"), after giving notice as required by section 13(2) of the Act, hereby makes the modifications described in the Schedules attached hereto to the Conditions of the Appointments of Northumbrian Water Limited ("the Appointee") as a water and sewerage undertaker under Chapter 1 of Part II of the Act, the Appointee having consented to these modifications.

Signed for and on behalf of the Water Services Regulation Authority

Aileen Armstrong

Senior Director

Schedule 1

1. Paragraph I26 of **Condition I** is deleted in its entirety and replaced with the following new paragraph:

“Conduct of the Appointed Business

I26.1 The Appointee must, at all times, conduct the Appointed Business as if the Appointed Business were:

I26.1.1 substantially the Appointee’s sole business; and

I26.1.2 a public limited company separate from any other business carried out by the Appointee.

I26.2 The Appointee must:

I26.2.1 meet the objectives on board leadership, transparency and governance set out in paragraph I26.3, and

I26.2.2 explain in a manner that is effective, accessible and clear how it is meeting the objectives set out in paragraph I26.3.

I26.3 The objectives are:

I26.3.1 The Board of the Appointee establishes the company’s purpose, strategy and values, and is satisfied that these and its culture reflect the needs of all those it serves.

I26.3.2 The Appointee has an effective Board with full responsibility for all aspects of the Appointee’s business for the long term.

I26.3.3 The Board of the Appointee’s leadership and approach to transparency and governance engenders trust in the Appointee and ensures accountability for their actions.

I26.3.4 The Board of the Appointee and its committees are competent, well run, and have sufficient independent membership, ensuring they can make high quality decisions that address diverse customer and stakeholder needs.”

2. **Condition P** is amended by:

- a. inserting the word “and” at the end of paragraph 1(2)(a);
- b. deleting the words “; and” at the end of paragraph 1(2)(b) and replacing them with “.”; and
- c. deleting paragraph 1(2)(c) in its entirety.