



Corporate Governance

6.1 COMPOSITION AND FUNCTIONING OF THE BOARD

BOARD

Umgeni Water has a unitary Board comprising twelve (12) non-executive Board members and one (1) Executive Board member, the Chief Executive. The roles of the Chairman and that of the Chief Executive are separate as recommended in the King III Report on Corporate Governance (hereinafter referred to as "King III") to ensure the independence of the two positions and the clear definition of roles and responsibilities. The Chairman of the Board and all other Board members (with the exclusion of the Chief Executive), are independent

non-executive directors in the manner described in King III. All Board members execute their legal duties in a professional manner, with integrity and enterprise. In terms of the Water Services Act (Act 108 of 1997), Board members (save for the Chief Executive who is appointed by the Board) are appointed by the Minister of Water and Sanitation (as of May 2014) ("the Minister").

The Board is assisted with discharging its responsibilities through the following four (4) committees:

- ▶ Audit Committee
- ▶ Capital Projects, Fixed Assets and Procurement Committee
- ▶ Human Resources and Remuneration Committee
- ▶ Governance Committee



Darvill WWTW Upgrade

Umgeni Water Board and Committee memberships are shown in **Table 6.1**.

Table 6.1: Current Board and Committee Memberships

Board Member	Gender	Audit	REMCO	Capex	Governance
1. Mr A Mahlalutye ¹	M				√
2. Prof I Vally ²	M	√			√
3. Mr V Gounden	M		√		
4. Ms T Shezi	F		√	√	
5. Ms N Afolayan ³	F	√		√	√
6. Ms Z Mathenjwa	F	√	√		
7. Dr T Dube	F	√		√	
8. Ms N Chamane ⁴	F		√	√	√
9. Mr V Reddy	M		√	√	
10. Mr G Atkinson	M		√	√	
11. Mr T Nkhahle	M	√		√	
12. Mr T Zulu	M	√		√	
13. Mr C Gamede ⁵	M		√	√	

√ Denotes Committee Member

¹ Chairman

² Audit Committee Chairman

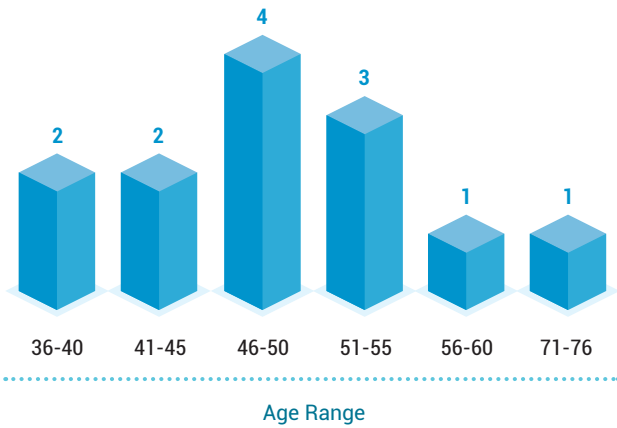
³ Capex, Fixed Assets and Procurement Committee Chairperson

⁴ Human Resources and Remuneration Committee Chairperson

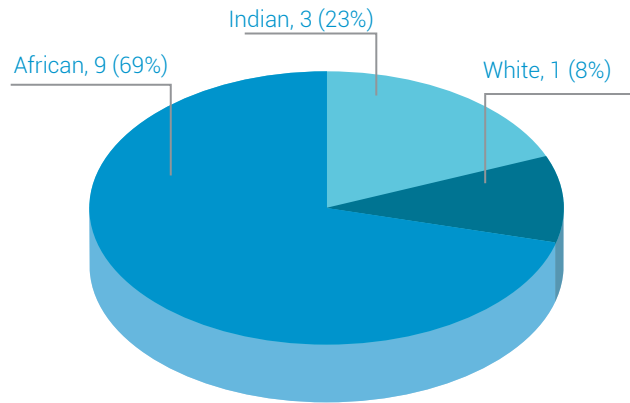
⁵ Chief Executive

Figure 6.1: Board Member (a) Age, (b) Race and (c) Gender Profiles

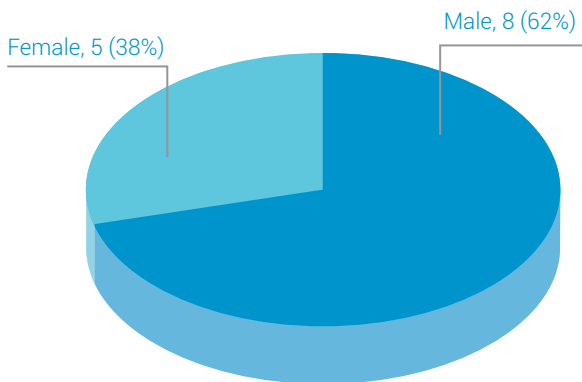
(a) Board Member Age Profile



(b) Board Member Race Profile



(c) Board Member Gender Profile



A Board Charter (reviewed in 2016) provides a framework for fiduciary duties, responsibilities and overall functioning of the Board. The Board Charter is read in conjunction with:

- ▶ The Public Finance Management Act (Act 1 of 1999), as amended by the Public Finance Management Amendment Act (Act 29 of 1999), hereinafter referred to as the PFMA,
- ▶ Treasury Regulations (GG 27338) as amended from time to time,
- ▶ The Water Services Act (Act 108 of 1997), as amended, and
- ▶ The King Code of Governance Principles, 2009 (King III).

The Board is accountable for the leadership and control of Umgeni Water. Its responsibilities include the development, review and monitoring of strategic objectives, the approval of major capital expenditure, risk management and monitoring of operational and financial performance.

The government of the Republic of South Africa, represented by the Minister and the Department of Water and Sanitation, is the sole shareholder of Umgeni Water. The Board contracts with the Executive Authority, the Minister, through an annually approved shareholder compact and actively engages with the shareholder through various forums during the year.

As recommended by King III the Board evaluates the performance of all divisions including the finance division. This is planned for twice in the reporting year. The Members of the Board have skills that are put to good use in providing leadership, guidance and directing strategy during the period. Overall the Board functions at a strategic level and delivers outputs in line with its mandate.

Non-executive Board members receive remunerative benefits and fees as determined by the Minister on an annual basis and in line with their terms of appointment. Therefore no Board member is involved in determining his/her own remuneration. Board Members' remuneration is fully disclosed in Umgeni Water's Annual Report. (Page 140).

SUMMARY OF BOARD AND COMMITTEE MEETINGS AND ATTENDANCE IN 2015/2016

Attendance is as follow:

- 89% for Board: Five (5) normal meetings.
- 90% for Audit Committee: Five (5) normal meetings.
- 77% for HR and Remuneration Committee: Five (5) normal meetings.
- 84% for Procurement, Fixed Assets and Capital Projects Committee: Five (5) normal meetings.
- 100% for Governance Committee. Two (2) meetings.

Table 6.2: Board Meeting Attendance in 2015/2016

Board Member	Gender	22-Jul-15	17-Sep-15	25-Nov-15	16-Mar-16	21-Apr-16
1. Mr A Mahlalutye ¹	M	√	√	√	≠	√
2. Prof I Vally ²	M	√	√	√	√	√
3. Mr V Gounden	M	√	√	≠	√	√
4. Ms T Shezi	F	√	√	√	√	√
5. Ms N Afolayan ³	F	√	√	√	√	≠
6. Ms Z Mathenjwa	F	√	√	√	√	√
7. Dr T Dube	F	√	√	≠	√	√
8. Ms N Chamane ⁴	F	√	√	√	√	√
9. Mr V Reddy	M	√	√	√	√	√
10. Mr G Atkinson	M	√	√	√	√	√
11. Mr T Nkhahle	M	√	√	≠	√	√
12. Mr T Zulu	M	√	√	≠	≠	√
13. Mr C Gamede ⁵	M	√	√	√	√	√

√ Attendance

≠ Absence with apology

¹ BOARD Chairman

² AUDIT Chairman

³ CAPEX Chairperson

⁴ REMCO Chairperson

⁵ Chief Executive

COMMITTEES

The Board Committees are formally constituted and are chaired by non-executive Board members. The Board Committees assist the Board in the performance of duties and enables effective decision-making through providing more detailed attention to matters within the terms of reference. The committees report to the Board on activities at every meeting. In terms of the Water Services Act, the Board is authorised to delegate powers to the Committees established by the Board. The functions and powers delegated to Committees are set out in a written Terms of Reference which is formally approved by the Board.

AUDIT COMMITTEE

The Committee consists of six (6) non-executive Board members and its chairman is Professor Imtiaz Vally. The Committee is mandated to achieve the highest level of financial management, accounting and

reporting to the shareholder and to meet the requirements prescribed in section 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act (Act 29 of 1999), as well as Treasury Regulations, 2005 (Chapter 27.1). The Audit Committee further performs a critical function of risk management by ensuring the effectiveness, quality, integrity and reliability of Umgeni Water's risk management processes.

The terms of reference of the Audit Committee takes into account the recommendations in King III, the Companies Act (Act 71 of 2008), the Public Finance Management Act (Act 29 of 1999) as amended and Treasury Regulations, 2005, to ensure alignment to best practice and legislation.

The Ethics Committee and Corporate Risk Committee also report through the Audit Committee.

Table 6.3: Audit Committee Meeting Attendance 2015/2016

Members	Committee Meetings				
	02-Sep-15	09-Nov-15	02-Mar-16	13-Apr-16	01-Jun-16
Prof I Vally ¹	√	√	√	√	√
Ms N Afolayan	√	√	√	√	√
Mr T Nkhahle	√	√	≠	≠	√
Ms Z Mathenjwa	√	√	√	√	√
Dr T Dube	√	√	≠	√	√
Mr T Zulu	√	√	√	√	√

¹ Chairman
√ Attendance

≠ Absence with apology

ETHICS COMMITTEE

King III and the Companies Act No. 71 of 2008, read in conjunction with regulation 43, oblige all state-owned enterprises to establish a Social and Ethics Committee. Umgeni Water established an Ethics Committee in 2012. The committee was mandated to promote ethical behaviour, which includes preventing incidences of fraud, bribery and other corrupt activities and to monitor the entity's compliance with relevant social, ethical and legal requirements and best practice codes. The establishment of the committee shows a deepened commitment by Umgeni Water as a responsible corporate citizen to all its stakeholders.

The Ethics Committee has an Independent Chairman - who is neither a member of management nor a member of the Board. The Chairman, Mr S Shabalala, is a qualified Chartered Accountant and has extensive public and private sector experience in Financial Management and Corporate Governance matters. He is currently the Managing Director of Ukukhanya Advisory Services, a Durban-based Accounting and Auditing company.

Umgeni Water has a Code of Ethics that provides guidelines for ethical decision-making by all employees, Board members and stakeholders. The code, which formally acknowledges the entity's intention to undertake business in an ethical manner, is communicated to all employees through various awareness and communication forums and programmes during the year.

The Ethics Committee met four times during the year to execute its role and responsibility as prescribed by applicable legislation and included monitoring the entity's activities against legal or best practice requirements relating to:

- ▶ Social and economic development, including, EE and B-BBEE,
- ▶ Good corporate citizenship, including promotion of equality, prevention of unfair discrimination, Corporate Social Investment and reduction of corruption, sponsorship, media and advertising,
- ▶ Environment, health and public safety, including, impact of the organisation's activities, products and services, biodiversity management, waste management, energy efficiency and carbon footprint reduction,

- ▶ Consumer relationships, including, advertising, public relations and consumer protection,
- ▶ Labour and employment, including, the organisation's standing in terms of the International Labour Organisation Protocol on decent work and working conditions, employment relationships and contribution toward education and development of its employees and disciplinary handling,
- ▶ Financial ethics, including, irregular and wasteful and fruitless expenditure, and
- ▶ Fraud and hotline management.

The Ethics Committee, in conjunction with the Audit and Risk committees deliberates on Umgeni Water's compliance with the Code of Ethics and reports all matters within its scope of mandate to the Board through the Audit Committee. This includes environmental, financial and social ethics. The committee is satisfied that it has fulfilled all its statutory duties and duties assigned to it by the Board, through the Audit Committee, during the reporting period.

Umgeni Water continues to provide an external whistle-blowing hotline service managed by an external service provider. This 24 hour- 365 days a year facility provides an anonymous and confidential communication channel for all stakeholders to report suspicions of fraud or otherwise unethical conduct.

All hotline calls are investigated and appropriately followed up using a hotline protocol which ensures these are dealt with in a transparent and consistent manner. Trends and information of the hotline calls are further used to improve internal controls. Umgeni Water creates and maintains awareness of this facility and ensures that it is advertised by means deemed the most effective and appropriate.

CORPORATE RISK COMMITTEE

The Corporate Risk Committee assists the Audit Committee in discharging its duties relating to implementation of the integrated risk management framework. The committee membership includes a member of the Audit Committee, the Chief Executive, the Executive Management, the Company Secretary and the Risk Manager.

PERFORMANCE
AGAINST 2015/2016
SHAREHOLDER COMPACT
PG 58-65

8.0

CREATING
VALUE
PG 66-85

9.0

CONSERVING
OUR NATURAL
RESOURCES
PG 86-97

10.0

ENABLING
OUR PEOPLE
PG 98-107

11.0

IMPROVING
RESILIENCY
PG 108-115

12.0

FINANCIAL
SUSTAINABILITY
PG 116-195

13.0

GRI CONTENT
INDEX
PG 196-201

14.0

INTERNAL CONTROL

The Board is accountable for the systems of internal control. Umgeni Water policies, procedures, structures and delegation of authority framework clearly define and provide appropriate levels of responsibility.

The internal control systems are designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. Principal features of the entity's internal finance controls are:

- ▶ A system of financial planning, budgeting and reporting which allows continuous monitoring of performance,
- ▶ A materiality and significance framework,
- ▶ Clearly-defined delegations of authority,
- ▶ The establishment of a short, medium and long-term funding strategy,
- ▶ The tariff model which determines the financial impact of capital expenditure and the bulk water tariff on Umgeni Water's debt curve, and
- ▶ Established policies and procedures.

To assist the Board in the discharge of its responsibilities, Internal Audit undertakes an independent assessment of the internal control systems and business risks and reports to the Board through the Audit Committee. The audit plan covers major financial and commercial risks and responds to any changes emanating from Umgeni Water's integrated risk management process.

INTERNAL AUDIT

Internal Audit is an independent co-sourced assurance function, the purpose, authority and responsibility of which is formally defined in a charter approved by the Board in line with stipulations of the Institute of Internal Auditors. In line with the requirements of the Public Finance Management Act (PFMA) and Good Governance, the internal auditors give the Audit Committee and management assurance on the appropriateness and effectiveness of internal controls.

The internal auditors report regularly to the Audit Committee and have unrestricted access to the Committee chairman. An internal audit charter has been approved by the Committee.

As at 30 June, Umgeni Water had a total of seven (7) unresolved High-Medium Internal Audit Findings:

- ▶ One (1) - categorised as a High finding – is due to wastewater quality compliance. Umgeni Water is currently upgrading the capacity of the Darvill Wastewater Treatment Works to address this, with completion scheduled for June 2017.
- ▶ Six (6) findings have been categorised as Medium risk (significant) in nature. All findings have been allocated to responsible and accountable personnel for resolution and management is closely monitoring progress to ensure closure of these in 2017.

COMPLIANCE WITH LAWS AND REGULATIONS

Umgeni Water continues to enhance its compliance management system. The organisation developed a Legal Compliance register in 2015 that has been used as a basis for monitoring and reporting Legal Compliance in 2016. During the year a total of twenty-three (23) assessments were done. Ten (10) areas were flagged of which nine (9) were successfully addressed during the year. An overall compliance of 99.5% has been achieved. One (1) outstanding matter, relating to safety (fire-breaks) will be addressed early in 2017.

EXTERNAL AUDIT

The external auditors are responsible for implementing procedures to obtain audit evidence regarding the amounts and disclosures in the consolidated financial statements, the report on predetermined objectives and compliance with laws and regulations applicable to the entity. This is based on, amongst other:

- ▶ Assessment of the risks of material misstatement of the consolidated financial statements, the report on predetermined objectives and material non-compliance with laws and regulations,
- ▶ Considering internal controls relevant to Umgeni Water's preparation and fair presentation of the financial statements, the report on predetermined objectives and compliance with laws and regulations,
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, and
- ▶ Evaluating the appropriateness of systems and processes that ensure the accuracy and completeness of the financial statements, the report on predetermined objectives and compliance with laws and regulations.

The external auditors express an opinion on the consolidated financial statements and report on findings relating to their audit of the report on predetermined objectives and compliance with material matters in laws and regulations applicable to the entity.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

This Committee comprises of six (6) non-executive directors and the Chief Executive and its chairperson is Ms Nompumelelo Chamane. The Committee reviews and recommends to the Board all matters relating to:

- ▶ Human Resources policies, organisational structure and compliance with the Employment Equity Act, (Act 55 of 1998) and other labour legislation,
- ▶ Conditions of employment of executive management,
- ▶ Appointment of the Chief Executive and members of executive management,
- ▶ Remuneration packages of the Chief Executive, members of executive management and staff,
- ▶ Succession planning for executive management,
- ▶ Policies and practices for Performance Management,
- ▶ Strategic Human Resource related matters, and
- ▶ Special rewards recommended by the Chief Executive.

Table 6.4: Human Resource and Remuneration Committee Meeting attendance 2015/2016

Members	Committee Meetings				
	19-Aug-15	11-Nov-15	17-Feb-16	06-Apr-16	29-Jun-16
Ms N Chamane ¹	√	√	√	√	√
Ms T Shezi	√	√	√	√	√
Mr V Gounden	≠	≠	≠	√	√
Ms Z Mathenjwa	√	√	√	√	√
Mr G Atkinson	√	≠	√	≠	≠
Mr V Reddy	≠	√	√	√	≠
Mr C Gamede	√	√	√	√	√

¹ Chairperson

√ Attendance

≠ Absence with apology

CAPITAL PROJECTS, FIXED ASSETS AND PROCUREMENT COMMITTEE

This Committee is chaired by Ms Nombuso Afolayan and comprises eight (8) non-executive Board members and the Chief Executive. The Committee recommends procurement policies to the Board for approval, assists the Board with capital expenditure programme related decisions, including approving the release of capital expenditure above executive management's delegated authority and within the Committee's delegated authority.

The Committee ensures that the entity's supplychain policies and procedures are equitable, transparent, competitive and cost effective. It reviews the organisation's infrastructure asset maintenance programme/performance. Contracts that exceed the Committee's Delegation of Authority are referred to the Board for approval. The Committee reviews and recommends amendments to the limits in the delegation of authority, relating to budget approvals for capital projects and procurement, to enable management to expedite the implementation of projects.

Table 6.5: Capital Projects, Fixed Assets and Procurement Committee Meeting Attendance 2015/2016

Members	Committee Meetings				
	12-Aug-15	09-Nov-15	17-Feb-16	30-Mar-16	22-Jun-16
Ms N Afolayan ¹	√	√	√	√	≠
Ms T Shezi	√	√	√	√	√
Mr G Atkinson	√	≠	√	≠	≠
Mr T Nkhahle	√	√	≠	√	√
Ms N Chamane	√	√	√	≠	√
Dr T Dube	√	√	√	√	√
Mr V Reddy	√	√	√	√	√
Mr T Zulu	≠	√	√	√	√
Mr C Gamede ²	√	√	√	√	√

¹ Chairperson² Chief Executive

√ Attendance

≠ Absence with apology

GOVERNANCE COMMITTEE

The Governance Committee meets on an ad-hoc basis. The Committee is chaired by the Chairman of the Board, Mr Andile Mahlalutye, and comprises the four (4) non-executive Committee Chairs.

The Committee assists the Board in monitoring and assessing the performance of Executive Management and the Company.

Secretary to ensure that performance objectives and targets are met. Performance results are considered by the Remuneration and Human Resources Committee in determining the remuneration of the Chief Executive and other executives to be recommended to the Board for approval.

Table 6.6: Governance Committee Meeting Attendance 2015/2016

Members	Committee Meetings	
	16-Sep-15	19-Apr-16
Mr A Mahlalutye (Chairman of the Board)	√	√
Ms N Chamane (REMCO Chairperson)	√	√
Ms N Afolayan (Capex Committee Chairperson)	√	√
Prof I Vally (Audit Committee Chairman)	√	√

√ Attendance

DELEGATION OF AUTHORITY

A comprehensive delegation of authority framework governs the authority levels for the Board and management. These are exercised through various board and management committees. The Board reviews the framework regularly.

EXECUTIVE COMMITTEE

The Board has delegated the day-to-day running of the entity to the Chief Executive who works with Executives, each heading up a Division, to assist him in this task. The Executive Committee is the highest executive decision-making structure in the organisation and central to its role is the formulation and implementation of the Board's strategy and policy direction, and ensuring that all business activities are aligned in this respect.

Each Division works towards the achievement of set strategic objectives for a predetermined period. The organisation's wholly owned operating subsidiary also works, independently, towards enabling Umgeni Water to fulfil its mandate and contracted obligations.

COMPANY SECRETARIAT

The Company Secretary oversees the portfolio of secretariat, governance advisory services and plays a critical role in legal and governance advisory to the board, risk and compliance management, and attends all Board and Committee meetings as secretary.

The Board as a whole, as well as, individual Non-Executive Directors and members of the Executive have access to the Company Secretary who is enjoined to provide guidance on how members should discharge their duties and responsibilities in the best interests of the entity. The Company Secretary continues to oversee the preparation and coordination of the induction and on-going training of Board members and assists the Board and its Committees in formulating annual plans, agendas, minutes, and terms of reference as warranted.

The Company Secretary is responsible for the flow of information to the Board and its Committees and for ensuring compliance with Board procedures. All Board Members have access to the advice and services of the Company Secretary, whose appointment and removal are a Board matter.

The Company Secretary provides company secretary services to Umgeni Water and its subsidiary firms, is not a Director of the Company or any of its subsidiaries and accordingly maintains an independent and arm's length relationship with the Board and the Executives. Contact details of the Company Secretary appear on page 136.

BOARD MEMBERS



STANDING FROM LEFT TO RIGHT:

Ms Thokozile Shezi, Prof Imtiaz Vally, Mr Vasu Gounden, Mr Visvin Reddy, Mr Sbusiso Madonsela (Company Secretary)
Mr Graham Atkinson, Mr Thabani Zulu, Mr Teboho Nkhahele



SITTING FROM LEFT TO RIGHT:

Ms Nompumelelo Chamane, Dr Takalani Dube, Mr Andile Mahlalutye (Chairman), Ms Ziphozethu (Gabsie) Mathenjwa,
Mr Cyril Gamede (Chief Executive), Ms Nombuso Afolayan

The Board members' profiles include current and former engagements outside Umgeni Water.

MR ANDILE MAHLALUTYE

MA Financial Management (London); MBL (UNISA); Graduate Diploma in Company Direction (GIMT); BSc Quantity Surveying (UCT); Certificate in NGO Development and Management (Israel); A Project Management Professional (PMP) & Professional Quantity Surveyor (PrQS). Programme Certificate on Economic Regulation from the London School of Economics and Political Science.

Appointed for 1st Board term in June 2009.

Non-Executive Chairman of Umgeni Water Board since 2009; Non-Executive Board member of the Ports Regulator of South Africa since 2012; Non-Executive Director of the Richards Bay Industrial Development Zone Company since 2012; Member of the Free State Cluster Audit Committee since 2011; MD Ubudlelwane Capital Investments since 2010; Mvula Trust CEO from 2007 to 2010; Coega Development Corporation Executive from 2003 to 2007; General Manager/Project Leader with Blue IQ from 2000 to 2003; Former Non-Executive Board member of the Gauteng Gambling Board from 2011 to 2013; Former member of North West Provincial Audit Committee from 2009 to 2012.

MS ZIPHOZETHU (GABSIE) MATHENJWA

MSc in International Business Management (University of London); MBA (UKZN); BSc (UZ); Post-Graduate Diploma in Business Management (UKZN); Post-Graduate Diploma in Strategic Management and Corporate Governance (UNISA/ICSA); Certificate in Financial Management and Investment (UNISA).

Appointed for 1st Board term in June 2009.

Chairperson of Insika Foundation and the Sinafuthi Group; Board Member Denel SOC (Ltd); Board Member Safran Turbomeca Africa, Board Member of Mitsui African Rail Solutions, Mpumalanga Provincial Department of Economic Development, Environment and Tourism Audit Committee Chairperson.

MR TEBOHO NKHAHLE

Registered Professional Scientist; MPhil Stellenbosch University; Environmental Auditor (IRCA).

Appointed for 1st Board term in June 2009.

Owner and MD of Environmental Impact Management Services (EIMS); Non-Executive Chairman of Lesotho Highlands Development Authority (LHDA) from 2007 to 2011; Board member of US-based Global Decisions Inc. (Development of global environment, health and safety regulations and standards database) since 2008; Member of Institute of Directors-SA since 2007; Vice Chair IoD Sustainable Development Forum from 2008 to 2009; Environmental Auditor with Eskom from 1998 to 2004.

DR TAKALANI DUBE

A Paul Harris Fellow, awarded by Rotary international for Humanitarian Community Work. Medical Practitioner, MBChB (UKZN); Diploma in Anaesthesia; Diploma in Health Services Management (UKZN); Certificate in Business Development and Management (eThekweni Business Development); Postgraduate Diploma in HIV Management in the Workplace (Stellenbosch University).

Appointed for 1st Board term in June 2009.

Director of eThekweni Community Church since 2005; Founder and President of Centre of HOPE (HIV and Community Development Organisation) since 2000; President of Women of Virtue (Women Empowerment and Investment Organisation) since 2002.

MR GRAHAM ATKINSON

BSc Civil Engineering (UKZN); Post-Graduate Diploma in Town and Regional Planning (UKZN).

Appointed for 1st Board term in June 2009.

Member of KZN Planning and Development Commission from 1998 to 2004; City Engineer of Pietermaritzburg from 1977 to 1986; Chief Executive of Umgeni Water from 1987 to 1994; Board Member of Umgeni Water from 1978 to 1986; Honorary Member of the Water Institute of Southern Africa (WISA) since 2002; Honorary member of the former Union of African Water Suppliers (UADE).

MS NOMBUSO AFOLAYAN

MBA (Finance) Luton University; Executive Leadership Development (UCT); Organisational Development Practitioner.

Appointed for 2nd Board term in June 2009.

Chairperson of Umgeni Water CAPEX Committee since 2009; Founder and Executive Chairperson of FS Capital Investments; Chairperson of KwaZulu-Natal Sharks Board; Non-Executive Director at Ithala Development Finance Corporation; Executive at multinational shipping, maritime and petroleum companies in African markets.

MS THOKOZILE SHEZI

BSc in Social Psychology/Education (USA); MSc in Measurement and Evaluation (USA); Management Development Diploma (Wits); Project Management Diploma (UP).

Appointed for the 2nd Board term in June 2009.

Director of Integrated Rural Development and the Climate Change Champion in the Department of Agriculture and Rural Development in KwaZulu-Natal Province; Head of Secretariat for Climate Change in the Office of the Premier; Experienced professional with both South African and international experience in the field of development and in both public and private sectors; Appointed for a 2nd term to the Board of Umgeni Water in June 2009; Previously a Board Member of KZN Playhouse Company.

PERFORMANCE
AGAINST 2015/2016
SHAREHOLDER COMPACT
PG 58-65

8.0

CREATING
VALUE
PG 66-85

9.0

CONSERVING
OUR NATURAL
RESOURCES
PG 86-97

10.0

ENABLING
OUR PEOPLE
PG 98-107

11.0

IMPROVING
RESILIENCY
PG 108-115

12.0

FINANCIAL
SUSTAINABILITY
PG 116-195

13.0

GRI CONTENT
INDEX
PG 196-201

14.0

MS NOMPUMELELO CHAMANE

Appointed for 1st Board term in June 2009.

Chairperson of Umgeni Water Board HR and Remuneration Committee since 2009; Councillor with eThekweni Municipality; Experienced liaison officer with provincial structures of COSATU; Member of Albert Luthuli Hospital Committee; Board member of EU-funded Cato Manor Development Association (CMDA); Chairperson of Finance Committee of St Benedict Catholic Church.

MR VASU GOUNDEN

MA Law (LLM) (Georgetown University); Graduate of Harvard / Wits Business School Senior Executive Programme.

Appointed for 3rd Board term in June 2009.

Founder and Executive Director of the African Centre for the Constructive Resolution of Disputes (ACCORD) since 1992; Member of the Editorial Board of the Peace and Conflict Studies Journal since 1996; Elected by the World Economic Forum as a Global Leader for Tomorrow (GLT) in 2000. Appointed to the Board of Umgeni Water in 2001 (including having served as the Vice Chairman between 2005-2009); Board Member of the Gandhi Development Trust since 2003; Board member of Finland-based Crisis Management Initiative since 2007; Board member of the Old Mutual Science Education Foundation since 2007 (served as Chairman of the Board between 2009 – 2011); Board member of the Dutch based Inter-Church Organisation for Development Cooperation since 2009; Member of the Advisory Board of the Insight on Africa Journal since 2010; Appointed to serve on the SADC Mediation Group in 2014.

MR VISVIN REDDY

Educator (Mathematics & Computer Science) by profession. Various Diplomas and Certificates in Management and Communications.

Appointed for 1st Board term in June 2009.

Seventeen years local government experience; Served on the Executive Committee of eThekweni Metropolitan Municipality as well as Chairman of the Infrastructure Committee; A member of various community bodies.

PROF IMTIAZ VALLY

Master of Accountancy; Chartered Accountant (SA); Chartered Management Accountant (ACMA).

Appointed for 1st Board term in June 2009.

Chairman of Umgeni Water Board Audit Committee since 2009; Board Member KZN Growth Fund and Ushaka Marine World.

MR THABANI ZULU

Chartered Accountant; B.Comm degree and Post Graduate Diploma in Accounting from UKZN.

Appointed for 1st Board term in December 2011.

Managing Partner of Thabani Zulu & Co Chartered Accountants and Business Advisors; Director of Ngubane & Company (Auditing firm); General Manager / Head of Internal Audit for Provincial Treasury; Member of SAFCOL Audit Committee; Member of UDW Audit Committee; Member of Ndwedwe Audit Committee; CEO of the KZN Gambling Board. Management Accountant of Unilever SA; Financial Accountant at Mercedes Benz of SA (now Daimler Chrysler SA).

MR SBUSISO MADONSELA (COMPANY SECRETARY)

Admitted Attorney of the High Court of South Africa. LLB (UZ); Postgraduate Diploma in Compliance (UJ); holds qualifications in Construction Contracts and Construction Adjudication from the University of Pretoria.

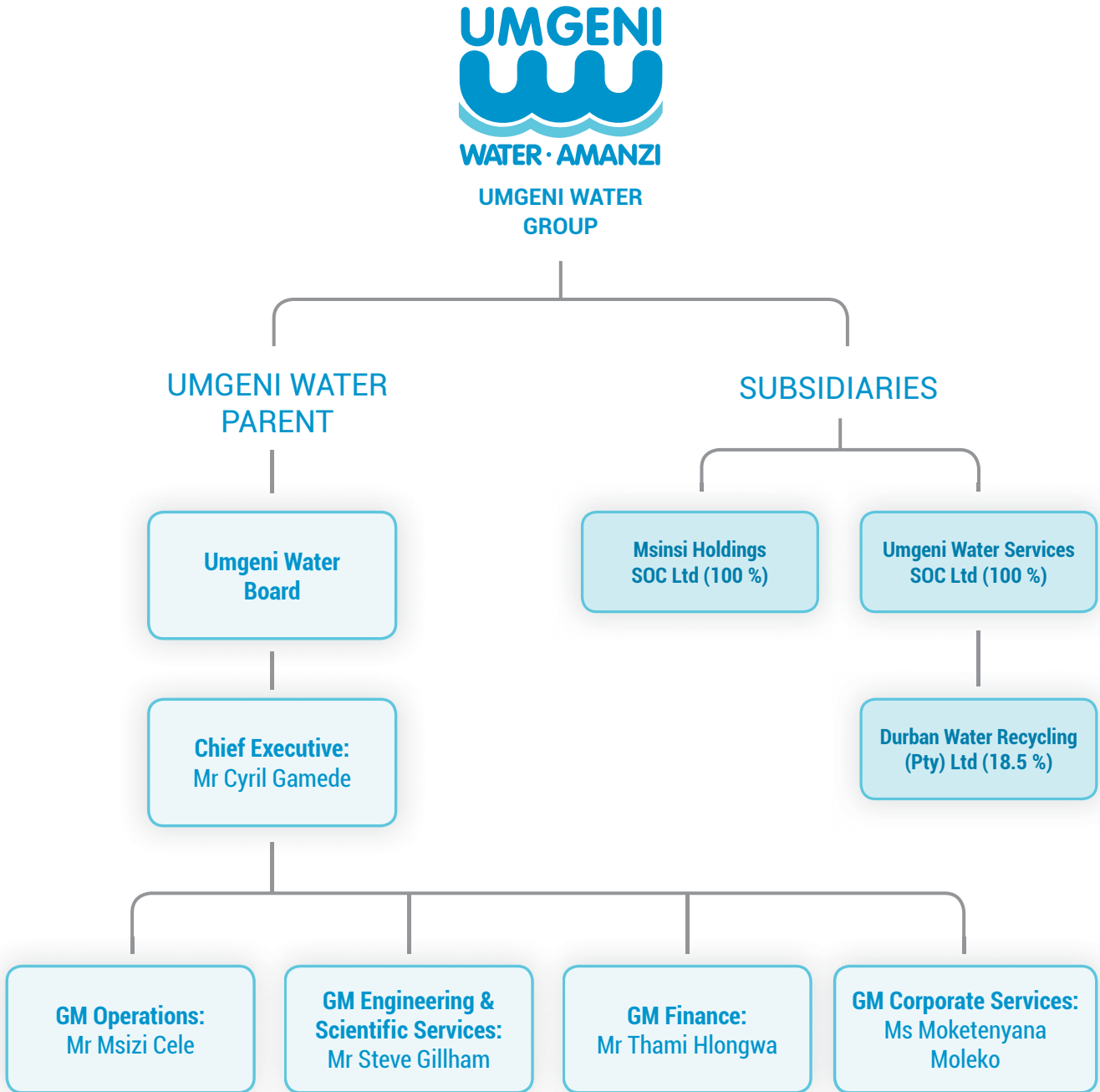
Appointed as Company Secretary in January 2014.

Private Legal Practice Practitioner from 2003 – 2007. Upon leaving Private Legal Practice in 2007, he joined the Competition Commission and occupied various portfolios, the last being the Commission's Legal Counsel. In 2011 he joined Umgeni Water as Legal Services Manager, a position he held until March 2014.

He has also served as a Trustee of the Umgeni Water Provident Fund and is now the current Fund Principal Officer.

6.2 FUNCTIONS AND MANAGEMENT STRUCTURE

Umgeni Water (Group) has the following structure that responds to its strategy.



Some of the executive directors in the holding company (Umgeni Water) sit on the boards of the subsidiaries as non-executive directors in order to ensure alignment of business processes and culture within the group (Refer to Executive's profiles on page 51). Their executive positions in the holding company do not curtail their fiduciary responsibility, as non-executive directors, in the respective subsidiary entities. The group company secretariat enables all three boards to maintain their distinct fiduciary responsibilities whilst enhancing the group's collective values.



Midmar WTW Upgrade

EXCO MEMBERS



FROM LEFT TO RIGHT:

Mr Cyril Gamede (Chief Executive), Mr Msizi Cele, Mr Steve Gillham, Mr Thamsanqa Hlongwa, Ms Moketenjana Moleko

MR CYRIL GAMEDE

BSc (Eng) Mechanical; MSc (Eng) Industrial; MBA; Advanced Diploma in Labour Law; Certificate in Corporate Governance. Registered Professional Engineer (ECSA).

Appointed as Chief Executive Umgeni Water in August 2012.

Chairman and Director of Msinsi Holdings SOC Ltd since 2014; President of ECSA since 2012; Chairman of the Council of the University of Zululand since 2012; Managing Director of K2S Consulting from 2010 to 2012; Director AEL Mining Services from 2002 to 2010; Director of Operations, Umgeni Water, from 1996 to 2002.

MS MOKETENYANA MOLEKO

BCom; Management Development Certificate; International Management and Marketing Programme Certificate; Post Graduate Diploma in Business Management.

Appointed as General Manager Corporate Services in January 2014.

Leadership positions held at various organisations, including the Eskom Leadership Institute, Eskom Transmission, merSETA and South African Airways.

MR MSIZI CELE

BSc (Eng) Mechanical; Registered Professional Engineer (ECSA); Government Certificate of Competency – Machinery.

Appointed as General Manager Operations in November 2014.

Managing Director of uThukela Water since 2007; Executive Director – Engineering at uThukela Water since 2005; Member of the Institute of Municipal Engineers of South Africa; Member of the Water Institute of South Africa.

MR STEVE GILLHAM

Registered Professional Engineer (ECSA); BSc Engineering (Civil); BCom.

Appointed as General Manager Engineering and Scientific Services in 2012.

Director of Msinsi Holdings SOC Ltd since 2014; Director of Msinsi Holdings (Pty) Ltd from 2012 to 2014; Planning Manager from 1999 to 2012; Engineer Umgeni Water from 1997 to 1999.

MR THAMSANQA HLONGWA

Chartered Accountant (SA); BCom Honours.

Appointed as General Manager Finance in July 2013.

Director of Msinsi Holdings SOC Ltd since 2014; Chief Financial Officer KZN CoGTA from March 2007 to June 2013; Completed articles with Deloitte from 2002 to 2004; Audit Senior in Deloitte New York Office from 2004 to 2005; Senior Manager at Siyaya Management Services from 2005 to 2007; Served in sub-committees of SAICA and ABASA.