

# CORPORATE GOVERNANCE

## 6.1 COMPOSITION AND FUNCTIONING OF THE BOARD

### BOARD

The Board of Umgeni Water was appointed in September 2017 on an interim basis, whilst the process of appointing a permanent Board was underway. The nomination process and the appointment of a new Board is being concluded. The new Board is expected to be in place within the second quarter of the 2018/2019 reporting year. The current Board comprises of seven (7) non-executive Board members and one (1) Executive Board member, namely the Chief Executive.

The Chairperson of the Board and all Board members (with the exclusion of the

Chief Executive), are independent non-executive directors in the manner described in the King IV Report on Corporate Governance (hereinafter referred to as "King IV") to ensure the independence of the two positions and the clear definition of roles and responsibilities. All Board members execute their legal duties in a professional manner, with integrity and enterprise.

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 will continue to actively engage with the shareholder through various forums during the year.

During the reporting period, the Board was 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; and
- Governance Committee.

Umgeni Water Board and Committee Memberships during the reporting period are shown in **Table 6.1**.

**Table 6.1:** Board and Committee Memberships for the 2017/2018 Reporting Period

Board Member	Gender	Audit	REMCO	CAPEX
1. Ms. Z. Mathenjwa <sup>1</sup>	F			
2. Ms. Z. Manase <sup>2</sup>	F	√		
3. Adv. M. Hashatse <sup>3</sup>	F			√
4. Ms. N. Chamane <sup>4</sup>	F	√	√	
5. Mr. V. Reddy	M		√	√
6. Mr. M. Tshivhase	M	√	√	
7. Mr. M. Dikoko	M		√	√
8. Mr. T. Hlongwa <sup>5</sup>	M		√	√

√ Denotes Committee Member

<sup>1</sup> Board Chairperson

<sup>2</sup> Audit Committee Chairperson

<sup>3</sup> CAPEX, Fixed Assets and Procurement Committee Chairperson

<sup>4</sup> Human Resources and Remuneration Committee Chairperson

<sup>5</sup> Chief Executive

**“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.”**



**1 231**  
Umgeni  
Water Group  
employees

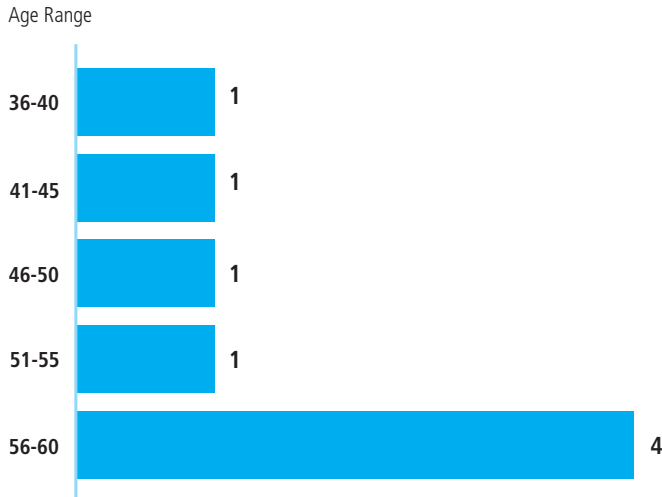


SPRING GROVE WTW

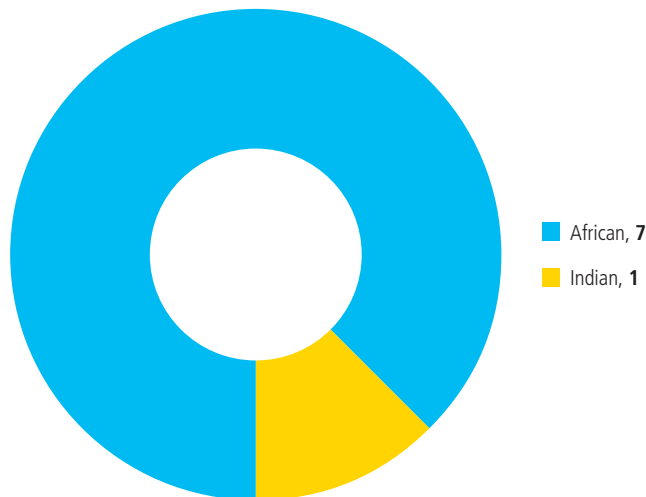
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**Figure 6.1:** Board Member (a) Age, (b) Race and (c) Gender Profiles

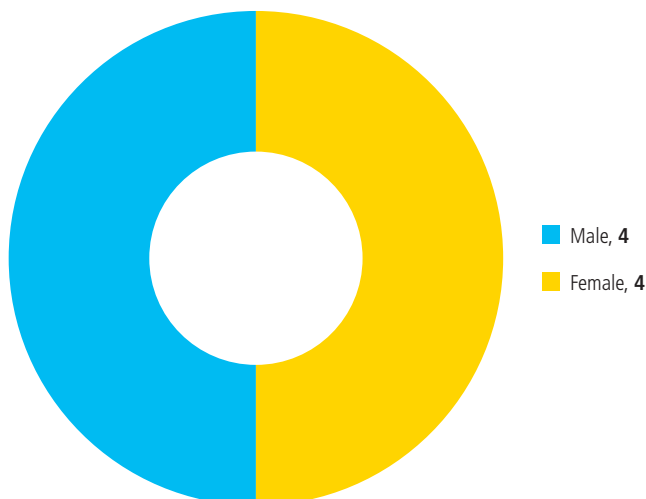
**(a) Board Member Age Profile**



**(b) Board Member Race Profile**



**(c) Board Member Gender Profile**



A Board Charter (reviewed in 2017) 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, 2016 (King IV).

As recommended by King IV, 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 were put to good use in providing leadership, guidance and directing strategy during the reporting period. Overall, the Board functioned at a strategic level and delivered 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 144).

**SUMMARY OF BOARD AND COMMITTEE MEETINGS AND ATTENDANCE IN 2017/2018:**

The attendance at Board and Committee meetings in the reporting period was:

- 95% for Board: Five (5) normal meetings, two (2) special meetings;
- 93% for Audit Committee: Six (6) normal meetings;
- 95% for HR and Remuneration Committee: Four (4) normal meetings;
- 94% for Procurement, Fixed Assets and Capital Projects Committee: Four (4) normal meetings; and
- 100% for Governance Committee: Two (2) normal meetings.

**Table 6.2:** Board Meeting Attendance in 2017/2018

Board Member	Normal Meetings						Special Meetings	
	Gender	16-Oct-17	17-Oct-17	29-Nov-17	13-Mar-18	24-Apr-18	29-Jan-18	03-Apr-18
Ms. Z. Mathenjwa <sup>1</sup>	F	√	√	√	√	√	√	√
Ms. Z. Manase <sup>2</sup>	F	√	√	√	√	≠	√	√
Adv. M. Hashatse <sup>3</sup>	F	√	√	√	√	√	√	√
Ms. N. Chamane <sup>4</sup>	F	√	√	√	√	√	√	√
Mr. V. Reddy	M	√	√	√	√	√	√	√
Mr. M. Tshivhase	M	√	√	√	√	√	√	√
Mr. M. Dikoko	M	√	√	√	√	≠	√	√
Mr. T. Hlongwa <sup>5</sup>	M	√	√	√	√	√	√	-

√ Denotes Attendance  
 ≠ Denotes absence with apology  
 - Excused from the meeting  
<sup>1</sup> Board Chairperson

<sup>2</sup> Audit Committee Chairperson  
<sup>3</sup> CAPEX, Fixed Assets and Procurement Committee Chairperson  
<sup>4</sup> Human Resources and Remuneration Committee Chairperson  
<sup>5</sup> Chief Executive

## BOARD 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 enable effective decision-making by 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 the written Terms of Reference which are formally approved by the Board.

## AUDIT COMMITTEE

The Committee, since 28 September 2017, consists of three (3) non-executive Board members. The Chairperson is Ms. Z. Manase. For the period 01 July 2017 to 27 September 2017, the Audit Committee comprised of the following Independent Non-Executive Members: Dr. B. Mkhize (Chairman), Mr. S. Shabalala and Mrs. M.T.B. Ndlovu.

**Table 6.3:** Audit Committee Meeting Attendance 2017/2018

Members	Committee Meeting					
	12-Sep-17	19-Sep-17	06-Nov-17	21-Feb-18	20-Apr-18	20-Jun-18
Dr. B. Mkhize <sup>1</sup>	√	√	-	-	-	-
Mr. S. Shabalala <sup>2</sup>	√	√	-	-	-	-
Mrs. M.T.B. Ndlovu <sup>2</sup>	√	√	-	-	-	-
Ms. Z. Manase <sup>3</sup>	-	-	√	√	√	√
Ms. N. Chamane <sup>4</sup>	-	-	√	√	√	√
Mr. M. Tshivhase <sup>4</sup>	-	-	√	≠	√	√

√ Denotes Attendance  
 ≠ Denotes absence with apology  
 - Not a member  
<sup>1</sup> Audit Committee Chairman from 1 Jul to 27 Sep 2017

<sup>2</sup> Members of the Audit Committee from 1 Jul to 27 Sep 2017  
<sup>3</sup> Audit Committee Chairperson from 28 Sep 2017 to date  
<sup>4</sup> Members of the Audit Committee from 28 Sep 2017 to date

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 IV, the Companies Act (Act 71 of 2008), the Public Finance Management Act (Act 1 of 1999) as amended and Treasury Regulations, 2005, to ensure alignment to best practice and legislation.

## ETHICS COMMITTEE

Umgeni Water has formally adopted best practice principles as contained in King IV

with respect to fraud prevention planning. The change to King IV will enable, amongst other aspects, greater accountability and transparency as a broader stakeholder within society; an integrated approach to corporate governance in view of economic, social and environmental spheres; and proposed greater integration between the role and function of the Social and Ethics Committee and other Board Committees.

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In line with this, the Board acknowledges its responsibility to ensure that Umgeni Water is a fair, transparent and ethical entity and will continue to exercise oversight through its already fully functional Ethics Committee as prescribed in Section 29.1.1 of the Treasury Regulations in the PFMA, as well as in line with the requirements of section 72 (4) of the Companies Act (Act No.71 of 2008).

The Ethics Committee ensures the implementation of the Integrated Fraud Management Framework and accounts to the Board through the Audit Committee. The Committee provides assurance to the Board that there is effective institutional-wide prevention of fraud and corruption and that complaints are effectively managed, appropriately followed-up and efficiently investigated. 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.

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 sectors experience in Financial Management and Corporate Governance matters. He is currently a Managing Director of Ukukhanya Advisory Services, an Accounting and Auditing company based in Durban. The Ethics Committee reports matters within its scope of mandate to the Board through the Audit Committee which include environmental, financial and social ethics.

A code of ethics provides guidelines for ethical decision-making by all employees, Board members and stakeholders. The code formally acknowledges the organisation's intent to undertake business in an ethical manner and is communicated to all employees through various awareness and communication forums and programmes.

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 the promotion of equality, prevention of unfair discrimination, Corporate Social Investment and reduction of corruption, sponsorship, media and advertising;
- Environment, health and public safety, including the 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, wasteful and fruitless expenditure; and
- Fraud and hotline call management.

Umgeni Water uses its external whistleblowing hotline service, managed by an external service provider, as a means of fraud detection and as a means of encouraging an ethical culture. This 24 hour/365 day 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 through using a hotline protocol which ensures that all calls received 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 endeavours to create and maintain awareness of this facility and ensures that the phone number is adequately advertised by means of posters,

intranet, staff information and induction sessions, supplier forums, and other means deemed effective and appropriate.

## INTERNAL AUDIT

Internal Audit is an independent 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 Chairperson. An Internal Audit charter has been approved by the Committee.

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

- One (1) of these findings 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 2018/2019; and
- The remaining six (6) findings have been allocated to responsible and accountable personnel for resolution. Management is closely monitoring progress to ensure that there is closure of these in 2019.

## COMPLIANCE WITH LAWS AND REGULATIONS

Umgeni Water continues to enhance its compliance management system. The entity continued to use its Legal Compliance register for monitoring and reporting Legal Compliance in 2018. During the year, three (3) areas were flagged, relating to wastewater quality compliance, sludge/water treatment residue disposal and the translation of the PAIA manual into three official languages. All three matters will be resolved in 2018/2019.

## 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 others:

- 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 four (4) non-executive directors, the Chief Executive. The 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 2017/2018

Members	Committee Meeting			
	06-Nov-17	14-Feb-18	11-Apr-18	23-May-18
Ms. N. Chamane <sup>1</sup>	√	√	√	√
Mr. V. Reddy	√	√	√	√
Mr. M. Tshivhase	√	√	√	≠
Mr. M. Dikoko	√	√	≠	√
Mr. T. Hlongwa	√	√	√	√

<sup>1</sup> Chairperson  
√ Attendance

≠ Absence with apology

## CAPITAL PROJECTS, FIXED ASSETS AND PROCUREMENT COMMITTEE

This Committee is chaired by Adv. M. Hashatse and comprises of three (3) non-executive directors and the Chief Executive. The Committee assists the Board with capital expenditure related/

programme related decisions, recommends Procurement Policies to the Board for approval and approves the release of capital expenditure above Executive Management's delegated authority but within the Committee's delegated authority. It ensures that the organisation's supply chain policy and procedures are equitable, transparent, competitive and cost effective. It reviews the organisation's infrastructure asset

maintenance programme/performance. Contracts which 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.

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**Table 6.5:** Capital Projects, Fixed Assets and Procurement Committee Meeting Attendance 2017/2018

Members	Committee Meeting			
	06-Nov-17	07-Feb-18	27-Mar-18	04-Jun-18
Adv. M. Hashatse <sup>1</sup>	√	√	√	√
Mr. M. Dikoko	√	√	√	√
Mr. V. Reddy	√	≠	√	√
Mr. T. Hlongwa <sup>2</sup>	√	√	√	√

√ Denotes Attendance  
 ≠ Denotes Absence with apology

<sup>1</sup> Chairperson  
<sup>2</sup> Chief Executive

## GOVERNANCE COMMITTEE

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

The Committee assists the Board in monitoring and assessing the performance of executive management 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 2017/2018

Members	Committee Meetings	
	16-Oct-17	23-May-18
Ms. Z. Mathenjwa <sup>1</sup>	√	√
Ms. Z. Manase <sup>2</sup>	√	√
Adv. M. Hashatse <sup>3</sup>	√	√
Ms. N. Chamane <sup>4</sup>	√	√

√ Denotes Attendance  
<sup>1</sup> Board Chairperson  
<sup>2</sup> Audit Committee Chairperson

<sup>3</sup> CAPEX, Fixed Assets and Procurement Committee Chairperson  
<sup>4</sup> Human Resources and Remuneration Committee Chairperson

## 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 daily operations of the entity to the Chief Executive who collaborates with Executives, as leaders of each Division, to assist with tasks. The Executive Committee is the highest executive decision-making structure in the entity 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 entity'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 is a matter for the Board to decide.

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 140.



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LOWER THUKELA WTW



## BOARD MEMBERS

*A good mind and a good heart  
are always a formidable combination*

*It always seems impossible  
until it's done*

*When people are determined,  
nothing is impossible*

*A winner is a dreamer who*

*believes in the  
impossible*



**FROM LEFT TO RIGHT:**

Mr. Visvin Reddy, Adv. Matshidiso Hashatse, Mr. Sbusiso Madonsela (Company Secretary), Ms. Zodwa Manase, Mr. Thamsanqa Hlongwa (Chief Executive), Ms. Ziphozethu (Gabsie) Mathenjwa, Mr. Siboniso Shabalala (Chairperson of the Ethics Committee), Ms. Nompumelelo Chamane, Mr. Matshediso David Dikoko, Mr. Thovhele Vho-Midiyavhathu Tshivhase



*We must forever realize that the time is always ripe to do right*

*never gives up*

## BOARD MEMBERS ...continued

### 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); and Certificate in Financial Management and Investment (UNISA).

*Appointed as a Board Member in September 2017.*

Umgeni Water Board member from 2009 to June 2017; 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; and Environment and Tourism Audit Committee Chairperson.

### MR. MATSHEDISHO DAVID DIKOKO

Executive Leaders on Local Government 2000, WITS; Certificate in Development planning and Management for Local Government Councillors PU for CHE; Study Tour Water Management in Denmark Geological Survey of Denmark and Greenland; Assistant Personnel Officer and Work Study Practitioner, Anglo American Corporation; and Economic and Management Science Technikon South Africa.

*Appointed as a Board Member in September 2017.*

Chairperson of Midvaal Water Company since September 2004; Board Member Midvaal Water Company from June 2001 to August 2004; Board Member of Botshelo Water from June 2001 to August 2004; and Director New Business Development OMV Crushers / Matlosana Industries since May 2006.

### MS. NOMPUMELELO CHAMANE

*Appointed as a Board Member in September 2017.*

Chairperson of Umgeni Water Board HR and Remuneration Committee from 2009 to June 2017; 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); and Chairperson of Finance Committee of St. Benedict Catholic Church.

### MR. VISVIN REDDY

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

*Appointed as a Board Member in September 2017.*

Board Member of Umgeni Water from June 2009 to June 2017; Seventeen years local government experience; Served on the Executive Committee of eThekweni Metropolitan Municipality as well as Chairman of the Infrastructure Committee; and a member of various community bodies.

### MR. THOVHELE VHO-MIDIYAVHATHU TSHIVHASE

Juris Diploma in Law University of Zululand; and BA Law University of Limpopo (previously University of the North / Turfloop).

*Appointed as a Board Member in September 2017.*

South African Nuclear Energy Corporation (NECSA); Chairperson of Investment and Finance Committee and Research Development and Technology since 2016; Chairperson of Lepelle Northern Water since 2016; Road Agency Limpopo (RAL): Member of the Board of Directors; Chairperson of the Social and Ethics Committee and Member of Human Resources and Remuneration Committee since 2015; South African Broadcast Production Advisory Body Board Member since 2014; Deputy Chair of Council: University of Venda since 2014; Limpopo Provincial Legislature Chairperson of Portfolio Committee on Transport from 2005-2013 and Chairperson of Committee Portfolio on Public Works from 2013-2014; Chairperson of Congress of Traditional Leaders (CONTRALESA) Vhembe District from 2004-2009; Soutpansberg Petroleum Board (SBP) Chairperson from 2002-2009; and Limpopo Provincial Legislature Chairperson of Portfolio Committee on Transport 1999-2004.

### ADV. MATSHIDISO HASHATSE

LLB; LLM; and Bachelor of Journalism and Media Studies.

*Appointed as a Board Member in September 2017. (Resigned on 20 August 2018).*

Board Member of Rand Water since April 2009, and current Chairperson of the Board of Rand Water; Over 25 years working experience in sectors including Telecommunications Regulation, Higher Education Management, Local Government Executive Leadership in Fundamental Human Rights and Gender Equity; Over 16 years experience; Served as a Non-Executive Director of several institutions and companies, in sectors that include water utilities, economic and small business development, tourism promotion and national park management; and she currently works as a Consultant with a particular focus on Organisational Change, Organisational Efficiency and Governance.

### MS. ZODWA MANASE

B.Compt. (Hons); H.Dip (Tax); and CA (SA).

*Appointed as a Board Member in September 2017.*

Currently serves as TCTA Board Chairperson; CEO (Manase and Associates); Risk and Finance Committee (Chairman); Audit Committee; Governance Committee; Other Directorships/ Trustees/Committee Memberships include Nelson Mandela Children's Hospital Trust Fund (Trustee); and PRASA, State Diamond Trader, Department of International Relations and Co-operation (Audit Committee Chairperson).

### MR. SBUSISO MADONSELA (COMPANY SECRETARY)

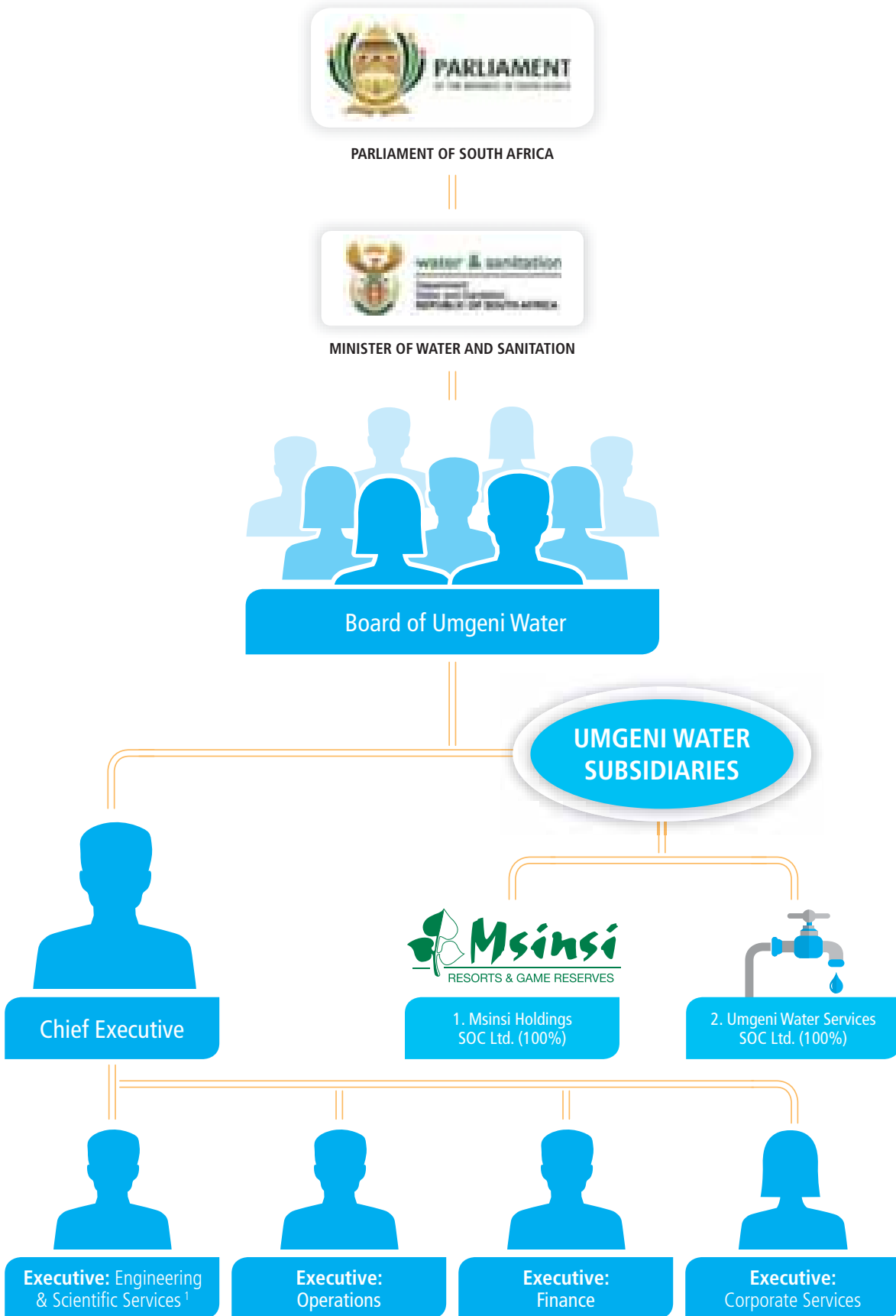
Admitted Attorney of the High Court of South Africa; LLB (UZ); and Postgraduate Diploma in Compliance (UJ).

*Appointed as Company Secretary in January 2014.*

Umgeni Water Legal Services Manager until December 2013; Competition Commission's Legal Counsel; and extensive experience in private legal practice.

# 5.1 FUNCTIONS AND MANAGEMENT STRUCTURE

During the reporting period, Umgeni Water (Group) had the following structure in response to its strategy. The core functions pertaining to each is articulated in the strategic statements that follow.



- 1.0 REPORT PROFILE PG 6
- 2.0 ORGANISATIONAL PROFILE PG 8-17
- 3.0 MINISTER'S FOREWORD PG 18-23
- 4.0 CHAIRPERSON'S REPORT PG 24-29
- 5.0 CHIEF EXECUTIVE'S REPORT PG 30-39
- 6.0 CORPORATE GOVERNANCE PG 40-53**
- 7.0 STAKEHOLDER UNDERSTANDING AND SUPPORT PG 54-59
- 8.0 PERFORMANCE AGAINST 2017/2018 SHAREHOLDER COMPACT PG 60-67
- 9.0 CREATING VALUE PG 68-87
- 10.0 CONSERVING OUR NATURAL RESOURCES PG 88-99
- 11.0 ENABLING OUR PEOPLE PG 100-109
- 12.0 IMPROVING RESILIENCY PG 110-117
- 13.0 FINANCIAL SUSTAINABILITY PG 118-197
- 14.0 GRI CONTENT INDEX PG 198-203

<sup>1</sup> Effective 2019 - Executive Scientific Services and Executive Infrastructure Development.

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 profiles on page 53). 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.

## EXCO MEMBERS



**STANDING FROM LEFT TO RIGHT:** Mr. Steve Gillham, Mr. Thamsanqa Hlongwa, Mr. Msizi Cele

**SEATED FROM LEFT TO RIGHT:** Ms. Marsha Philips, Ms. Moketenyana Moleko

## MR. THAMSANQA HLONGWA

Chartered Accountant (SA); and BCom Honours.

*Acting Chief Executive September 2017 to June 2018.*

*Appointed as Chief Executive effective July 2018.*

Umgeni Water Executive<sup>1</sup> Finance from 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; and served in other Governance Structures, including the DUT Council and the Board of PetroSA where he also chaired the Audit and Risk Committees of the Board.

## MR. STEVE GILLHAM

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

*Appointed as Executive<sup>1</sup> 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 with Umgeni Water from 1997 to 1999; and Engineer with the Department of Water and Sanitation from 1984 to 1997.

## MS. MARSHA PHILIPS

Chartered Accountant (SA); and BAcc Honours.

*Appointed as Acting Executive<sup>1</sup> Finance in August 2017.*

Umgeni Water Financial Manager since December 2007; Financial Accountant at Umgeni Water between 2006 and 2007; and Audit Senior with Deloitte & Touché Offshore Assignments Limited in 2006 and Trainee Accountant with Deloitte & Touché between 2003 and 2005.

## MR. MSIZI CELE

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

*Appointed as Executive<sup>1</sup> Operations in November 2014.*

Managing Director of uThukela Water from 2007 to 2014; Executive Director – Engineering at uThukela Water from 2005 to 2007; Area Manager at Umgeni Water from 1996 to 2005; Senior Design Engineer at Umgeni Water from 1993 to 1996; and professional engineering development and management of unit processes at Shell and BP SA Petroleum Refineries from 1987 to 1993.

## MS. MOKETENYANA MOLEKO

BCom; Management Development Certificate; International Management and Marketing Programme Certificate; and post graduate Diploma in Business Management.

*Appointed as Executive<sup>1</sup> Corporate Services in January 2014.*

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

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