



UMNGENI-UTHUKELA WATER

CHIEF EXECUTIVE DIVISION

CE/GOV/TOR/04

BOARD CHARTER

REV.: 1

BOARD CHARTER

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1. INTRODUCTION

1.1 This charter must be read together with the Public Finance Management Act (PFMA) No. 1 of 1999 (as amended); the Water Services Act No. 108 of 1997, (as amended); Treasury Regulations for Public Entities, 2001,(as amended); the King IV Report on Corporate Governance in South Africa,2016, Protocol on Corporate Governance in the Public Sector 2002, the Companies Act No. 71 of 2008, (as amended – where relevant); Terms of Reference of Board sub-committees; uMngeni-uThukela Water’s approved Delegations of Authority and the contract of employment of uMngeni-uThukela Water’s Chief Executive.

1.2 The Board of uMngeni-uThukela Water’s acknowledges the need for a Board Charter as recommended in the King IV Report on Corporate Governance in South Africa.

1.3 In discharging its responsibilities, the Board shall adhere to the following principles:

- 1.3.1 Integrity;
- 1.3.2 Competence;
- 1.3.4 Responsibility;
- 1.3.5 Accountability ;
- 1.3.6 Fairness;
- 1.3.7 Transparency; and
- 1.3.8 To the extent required, the Board shall adhere to the guidelines, policies or directives set by the Department of Water and Sanitation (hereinafter referred to as “DWS”).

2. PURPOSE OF THE CHARTER

The purpose of this Charter is to set out the Board’s role and responsibilities as well as the requirements for its composition and meeting procedures.

3. BOARD COMPOSITION AND STRUCTURE

i. Appointment

The Minister of Water and Sanitation (hereinafter referred to as “the Minister”) appoints the Board of Directors (“Board Members”), and designates the Chairman in terms of Schedule 1 of the Water Services Act 108 of 1997.

ii. Term of Office and Re Election

Members of the Board are appointed for a period of office determined by the Minister, which period may not exceed four (4) years. The Minister may re-appoint members of the Board and such re-appointment is limited to a maximum of three (3) consecutive terms of four (4) years each.

iii. Executive Directors

4. SIZE AND COMPOSITION OF THE BOARD

- i. The size and composition of the Board shall be determined by the Minister. Directors are appointed through a formal process and the Nomination Committee assists with the process of identifying suitable candidates to be proposed to the Minister for appointment.
- ii. The Board (which is appointed by the Minister, save for the appointment of the Chief Executive who is appointed by the Board) comprises of non-executive directors who are deemed to be independent non-executive directors.
- iii. The office of the Chairman and the Chief Executive shall be separate. There shall be, at all times, a clear distinction in their roles and responsibilities to ensure a balance of authority and power.

- iv. The Chairman and all other members of the Board, except the Chief Executive, shall not be an employee of uMngeni-uThukela Water.
- v. The Chief Executive is an ex officio member of the Board and should he or she cease to occupy the position of chief executive, his/her membership of the Board shall automatically terminate. The Chief Executive, whose membership of the Board terminates, in the manner contemplated in this clause 3.5, may be eligible for appointment as non-executive director by the Minister it should be noted that if he or she is appointed as board member he or she shall not be an independent non-executive director.

5. TERMINATION OF OFFICE OF THE BOARD MEMBERS

5.1 The Minister may at any time terminate the membership of any director of the Board.

5.2 A Director may terminate his or her membership by submitting a written resignation letter to the Chairman of the Board and in the case of the Chairman resigning, to the Minister.

5.3 Poor performance, including failure by a Board member to attend three (3) consecutive meetings of the Board without a proper and acceptable apology may result in the Board requesting the Minister to terminate such member's membership from the Board.

5.4 Board member will cease to be a Board member if he or she is:

- i. An un-rehabilitated insolvent;
- ii. If he or she has been convicted of any offence involving dishonesty or has been sentenced to imprisonment without the option of a fine;

6. BOARD INDUCTION

6.1 The Board shall, through the Company Secretary, develop an induction programme for new directors.

6.2 The programme must be aimed at providing an understanding of the business environment, markets, and risks in which uMngeni-uThukela Water operates.

6.3 The new Directors must receive all the essential induction information timeously.

6.4 The Directors must keep themselves abreast of developments and trends in the business, political, socio-economic and legal climate in general.

7. ROLE OF THE BOARD

7.1 Leadership, Ethics and Corporate Citizenship

7.1.1 To lead ethically and effectively by cultivating the characteristics of integrity, Competence, fairness, transparency, accountability and responsibility and exhibit them in their conduct.

7.1.2 To govern the ethics of the organisation in a way that supports the establishment of an ethical culture by:

- i. Setting the direction on how it should be approached
- ii. Approving codes of conduct and ethics policies and oversee management's implementation thereof; and
- iii. Exercising ongoing oversight of the management of ethics.

7.1.3 To ensure that uMngeni-uThukela Water is seen to be a responsible corporate citizen, by having regard to not only the financial aspects of its business but also the impact that business operations have on the environment and the society within which it operates.

7.2 Strategy, Performance and Reporting

The Board should:

Appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value creation process, by:

- i. Steering and setting the direction for strategy;
- ii. Considering, challenging and approving management's formulation of short, medium and long-term strategy;
- iii. Approving policies and operational plans developed by management to give effect to the approved strategy; and
- iv. Exercising ongoing oversight of strategy implementation and assessment.

7.3 Reporting

Ensure that reports issued by the organisation enable its stakeholders to make informed assessments of the organisation's performance as well as its short, medium and long-term prospects by:

- i. Setting the direction of how reporting should be approached;
- ii. Approving management's determination of the reporting frameworks to be used;
- iii. Overseeing that reports comply with legal requirements and meet the needs of stakeholders; and ensuring the integrity of external reports, including the Annual Report, the Business Plan and Annual Financial Statements.

7.4 Governing Structures and Delegation

The Board must:

7.4.1 Act as the focal point and custodian of corporate governance in uMngeni-uThukela Water by steering the organisation and setting its strategic direction, approving policy and planning that give effect to that direction, overseeing and monitoring the implementation and execution by the management and ensure accountability for the organisation's performance through reporting and disclosures.

7.4.2 Ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of duties.

7.4.3 Ensure that the evaluation of its performance and that of its committees, the Chair and individual members, support continued improvement in its performance and effectiveness.

7.4.4 Ensure that the appointment of, and delegation, to management contribute to role clarity and the effective exercise of authority and responsibilities.

7.4.5 Appoint the CE, formally evaluate the performance of the CE, and ensure there is succession planning in place for the position.

7.4.6 Set the parameters for the powers which it reserves for itself and those that are to be delegated to management.

7.5 Governance Functional Areas

The Board must:

7.5.1 Govern risk in a way that supports UUW in setting and achieving its strategic objectives, by:

- i. Determining UUW's risk appetite and tolerance levels, and ensuring that UUW has adequate processes in place to identify, monitor and manage all significant strategic, financial, fraud and operational risks;
- ii. Considering the need for periodic independent assurance.

7.5.2 Govern information and technology in a way that supports the organisation in setting and achieving its strategic objectives.

7.5.3 Govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

7.5.4 Ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

7.5.5 Ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports, by:

- i. Setting the direction concerning the arrangements for assurance services and functions;
- ii. Satisfying itself that an effective and robust combined assurance model is applied, which is designed and implemented to cover the organisation's significant risks and material matters.

7.6 Stakeholders


The Board should:

Adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

8. BOARD COMMITTEES

8.1 The Board must establish Board committees which are chaired and constituted mainly of independent non – executive directors, which Committees must include, but not limited to:

- i. **Audit, Finance and Risk Committee;**
- ii. **Social and Ethics Committee;**
- iii. **Human Resources and Remuneration Committee**
- iv. **Capital and Fixed Assets Committee**
- v. **Innovation, Technology and Information Committee ("ITI"); and**
- vi. **Governance Committee; and**

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vii. **Any other ad hoc Committee as may be required from time to time.**

8.2 Delegation is formal and involves the following:

8.2.1 Formal terms of reference are established and approved for each Committee of the Board that deal with its composition; role and purpose, functions, delegated authorities, tenure, meeting requirements and procedures as well as reporting mechanism to the Board.

8.2.2 The committees' terms of reference are reviewed annually.

8.2.3 The Board's committees are appropriately constituted with due regard to the skills required by each committee.

8.2.4 The Chairpersons of the Committees are selected and appointed by the Board.

8.2.5 The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assists with balance of power and the effective discharge of its duties.

9. THE POWERS VESTED IN THE BOARD

9.1 Financial

The Board shall be responsible for:

9.1.1 Approving changes in tariffs with respect to rates and charges (levies) to customers and submitting the record to the Minister in line with legislation and prevailing protocol;

9.1.2 Approving and recommending to the Minister for approval, the purchase, sale, letting or acquisition of significant immovable property in line with the organisation's Delegation of Authority;



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9.1.3 Approving, through the Audit, Finance and Risk Committee, the financial statements prepared in accordance with Internationally Financial Reporting Standards for submission to the Auditor General for auditing, within two (2) months after the end of each financial year;

9.1.4 Protecting uMngeni-uThukela Water's financial wellbeing by striving to be financially sustainable and viable;

9.1.5 Approving budgets and business plans and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;

9.1.6 Reviewing and recording the facts and assumptions which are used to assure the Board that uMngeni-uThukela Water's will continue as a going concern;

9.1.7 Formulating and monitoring that the Delegation of Authority framework is aligned to powers conferred;

9.1.8 Considering and approving any transaction which falls beyond Delegations of Authority or beyond the authority of any committee of the Board;

9.1.9 Ensuring that the financial statements are a true and fair record of uMngeni-uThukela Water's financial status and that accurate disclosures are made;

9.1.10 Ensuring the integrity of uMngeni-uThukela Water's integrated report;

9.1.11 Ensuring proper use and protection of assets.

9.2 Statutory, Regulatory and Administrative

The Board should:

- 9.2.1 Ensure that uMngeni-uThukela Water complies with applicable laws and consider adherence to non-binding rules and standards;
- 9.2.2 Promote the implementation and monitoring an effective Equity Plan as required by the Employment Equity Act;
- 9.2.3 Approve the rules and amendments to pension and provident funds having a material effect on the liabilities of uMngeni-uThukela Water.
- 9.2.4 Monitor and review all aspects of occupational health, safety and environmental risks;
- 9.2.5 Authorize the prosecution, defence or settlement of legal proceedings within the context of the Delegations of Authority;
- 9.2.6 Approve the Board business cycle schedule;
- 9.2.7 Approve the Compliance Policy;

9.3 Human Resources

The Board should:

- 9.3.1 Approve changes to UUW's organisational design;
- 9.3.2 Approve the conditions of service of UUW staff;
- 9.3.3 Approve the percentage increase and framework for increases for the Executives;
- 9.3.4 Approve effective and appropriate corrective steps against the Chief Executive;

9.3.5 Contravene or fail to comply with provisions of the PFMA; WSA or any other applicable legislative or regulatory framework;

9.3.6 Commit an act which undermines the financial management, internal control system or the code of conduct of uMngeni-uThukela Water.

9.3.7 Act in the best interests of uMngeni-uThukela Water by ensuring that individual directors:

- i. Adhere to legal standards of conduct;
- ii. Are permitted to take independent advice in connection with their duties following an agreed procedure;
- iii. Disclose real or perceived conflicts of interests and deal with them accordingly;
- iv. Be responsible for the appointment; removal or replacement and succession planning for Executive managers, including the Chief Executive and the Company Secretary;

9.3.8 Reviewing and approving Executive management's (except the Chief Executive's salary which is determined by the Board subject to the Minister's approval) remuneration as recommended by the Human Resources and Remuneration Committee.

10. RELATIONSHIP WITH THE SHAREHOLDER

The Board must:

10.1 Familiarize itself with issues of concern to the shareholder to ensure that its strategies are aligned to the national imperatives.

10.2 Regularly evaluate the economic, political, social, legal and other external factors or issues that may influence or affect the development of the organization or the interests of the shareholder.



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11. RELATIONSHIP WITH MANAGEMENT

Management must provide the Board with information which is in a form, timeframe and of quality that will enable the Board to discharge its duties effectively. Members of the Board are entitled to request any additional information when they deem it to be appropriate to assist them to diligently discharge their duties.

12. APPOINTMENT OF A COMPANY SECRETARY OR GOVERNANCE PROFESSIONAL

The Board shall approve the appointment, employment contract and remuneration of a qualified and competent Company Secretary or Governance Professional as envisaged by prevailing governance legislation and common law principles to assist the Board in the execution of its Fiduciary Duties.

The functions of the appointed Company Secretary or Governance Professional shall include but not be limited to:-

- 12.1 Providing the Board collectively and individually with guidance as to their duties, responsibilities and powers;
- 12.2 Making the Board aware of any law relevant to or affecting the Organisation;
- 12.3 Reporting to the Organisation's Board any failure on the part of the Organisation or a Director to comply with its rules, prevailing legislation and governance or common law principles;
- 12.4 Ensuring that Minutes of all Board meetings and the meetings of any Committees of the Board are properly recorded;
- 12.5 The Board shall objectively oversee and assess the performance of the Company Secretary or Governance Professional on a bi-annual basis.

13. THE ROLE & RESPONSIBILITIES OF THE CHAIRMAN

The Chairman must:

- 13.1 Preside over meetings of the Board and ensure its smooth functioning in the interest of good governance;
- 13.2 Provide overall leadership to the Board without limiting the principle of collective responsibility for Board decisions;
- 13.3 Lead the Board in a manner that allows its members to behave in a manner consistent to the Board's mandate and that is legitimately imposed upon it by the Minister;
- 13.4 Establish procedures to govern the Board's work;
- 13.5 Ensure that the Board fully discharges its duties;
- 13.6 Together with the Chief Executive, represent (where appropriate) the Board in dealings with various stakeholders;
- 13.7 Carry out other strategic assignments (representing the Board) at the request of the Minister, the Board and/or the Chief Executive;
- 13.8 Ensure an adequate flow of information to the Board.
- 13.9 Take action or seek action against any member who violates the Code of Conduct or disrupts or behaves in an inappropriate manner during meetings.



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14. THE ROLE & RESPONSIBILITIES OF THE CHIEF EXECUTIVE

The role and responsibilities of the Chief Executive shall include, but not limited to:

- 14.1 Managing uMngeni-uThukela Water by striving to achieve the strategic and operational objectives in accordance with the agreed key performance objectives and measures set annually by the Board.
- 14.2 Ensuring that the Board is kept informed of uMngeni-uThukela Water operations at all times.
- 14.3 Not neglect to submit monitoring data required by the Board in a timely, accurate and understandable manner, to keep the Board fully informed;
- 14.4 Take steps to make the Board aware of relevant trends, anticipate adverse media coverage and contemplate significant external and internal changes, and particularly changes in assumptions upon which any Board strategy has previously been established;
- 14.5 Advise the Board when it is not in compliance with its own governance policies and Delegation of Authority.

15. BOARD MEETINGS

15.1 Notice of Meetings

- 15.1.1 The Board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 15.1.2 The Company Secretary or any person authorised by the Board must give written notice of Board meetings to each Director not less than seven (7) business days before the meeting. The approved Board Plan once shared with members shall serve as sufficient notice for this purpose.

15.1.3 In case of urgency a Board meeting may be convened by not less than forty-eight (48) hours' written notice before the meeting unless compelling reasons for a notice of less than forty-eight (48) hours.

15.1.4 A notice of a Board meeting must include the date, time and place for the meeting.

15.1.5 If there was a material defect in the giving of the notice of a Board meeting, the meeting may proceed only if all Directors are notified of the defective notice and the present Directors constitute a quorum to vote and approve the ratification of the defective notice.

15.1.6 An immaterial defect in the form or manner of giving notice of a Board meeting, or an accidental or inadvertent failure in the delivery of the notice to any particular Director, to whom it was addressed, does not invalidate any action taken at the meeting.

15.1.7 Once the Board approves the annual Board Plan, the approved dates serve the purpose of clause 13.1.1 and shall immediately thereafter be diarised by the Company Secretariat. It is the responsibility of each board member to align their commitments with the approved Board Plan. If there are changes to the Board Plan, the Secretariat shall issue a notification to that effect timeously.

15.2 Board Meeting Procedures

15.2.1 The members must conduct themselves in a manner which is consistent with their duties and responsibilities to uMngeni-uThukela Water.

15.2.2 The Board shall have sole authority over its agenda. Board members may, in consultation with the Chairman, request the Company Secretary to include items on the agenda for discussion and / or decision by the Board.

15.2.3 The Chairman or in his/her absence the Deputy-Chairman (if any), must preside at meetings of the Board at which he/she is present. If both are not present, the Directors present must elect one Director to preside over the meeting.

15.2.4 Each Director shall have one vote on a matter before the Board and in the case of a tied vote, the Chairman may cast a second or casting vote.

15.2.5 At a meeting of the Board, voting may either be by show of hands, or by polling. A polled vote must be held on any particular matter to be voted on at a meeting if a demand for such a vote is made by a majority of Directors present.

15.3 Frequency

The Board shall hold regular meetings at a suitable venue as the Board deems appropriate to monitor important issues but must hold at least 4 – 6 meetings per annum (with a maximum of 7 as per the Department of Water & Sanitation’s guidelines). These scheduled meetings must be aimed at discussing statutory matters while the remaining two (2) meetings must be set aside for discussions on strategic matters.

15.4 Quorum

15.4.1 Fifty percent plus one (50%+1) of non-executive members who have no interest in the matter being discussed, will constitute a quorum.

15.4.2 If the meeting starts with a quorum but reaches a point where it is no longer quorate, then the meeting must be adjourned until the quorum is re-established.

15.4.3 A meeting of the Board may be conducted in a single venue or in more than one venue by utilizing conference telephone facilities or video conference facilities or electronic communication linking different venues, and in the case of more than one



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venue, the Directors present at the various venues shall, for all intents and purposes, be deemed to be in each other's presence.

15.5 Board Resolutions

15.5.1 The Board may take resolutions at any meeting if the meeting is quorate.

15.5.2 A resolution that could be taken at a meeting of the Board may instead be taken by written consent of a majority of the Directors, given in person or by electronic communication, provided that each Director has received notice of the matter to be decided.

15.5.3 A resolution taken in the manner contemplated herein is of the same effect as if it had been taken at a meeting.

15.5.4 Resolutions taken by the Board are effective as of the date of the resolution, unless the resolution states otherwise.

15.5.6 Resolutions passed via a round-robin process must be formally ratified at the next scheduled Board Meeting.

15.6 Board Minutes

15.6.1 All minutes should clearly indicate Board decisions and actions to be followed.

15.6.2 All minutes must be approved and signed by the designated chairman and adopted by the Board during the following meeting.

15.6.3 Any minutes of a meeting, or a resolution, signed by the chairman of the meeting, or by the chairman of the next meeting of the Board, is evidence of the proceedings of that meeting, or adoption of that resolution, as the case may be.

15.6.4 Board members must receive the minutes of each meeting of the Board and Committees as part of the meeting pack made available for the following Board meeting.

15.6.5 Agendas of Board meetings must be prepared in consultation with the Chairman.

15.7 Attendance

15.7.1 The Chairman may invite any person to attend Board meetings and any such person attending the meeting by invitation may not vote.

15.7.2 Board members must attend all scheduled meetings of the Board, including meetings called on an ad-hoc basis for special matters, unless prior apology has been submitted to the Chairman or Company Secretary.

16. REMUNERATION OF THE BOARD

The Board shall be remunerated according to *the Policy regarding Board Practices and the remuneration of Board Members of entities reporting to the Minister of Water and Sanitation*, at rates determined by the Minister from time to time.

17. BOARD PERFORMANCE EVALUATION

The Board shall:

17.1 Review its performance at collective and individual levels on an annual basis.

17.2 Use an accepted self-evaluation tool, designed by an accredited institution to review its performance. The Board may alternate between self-evaluation and external

evaluation by an independent service provider. Self-evaluation should take place annually, and an external evaluation should take place twice during the Board's 4 year term.

17.3 The results of the evaluation should be discussed during a full Board meeting and a clear action plan to improve performance should, if so required, be developed.

18. DISCLOSURE, CONFLICT OF INTEREST AND CODE OF CONDUCT

The Directors:

18.1 Must not use their position as directors, or any information obtained while acting in their capacity as directors to gain an advantage for themselves or for another person; or to knowingly cause harm to uMngeni-uThukela Water or any of its subsidiaries;

18.2 Must communicate to the Board at the earliest practicable opportunity any information affecting uMngeni-uThukela Water that comes to their attention, unless the director reasonably believes that the information is immaterial or generally available to the public or known to other directors, or is bound not to disclose that information by a legal or ethical obligation of confidentiality;

18.3 Must exercise their powers and perform their functions:-

- i. In good faith and for a proper purpose;
- ii. In the best interest of the organization;
- iii. With the degree of care, skill and diligence that may reasonably be expected of a person carrying out the same functions in relation to the organization as those carried out by that director and having the general knowledge, skill and expertise of that director;

18.4 Must disclose any personal financial interest in advance, by delivering to the Board, a notice in writing setting out the nature and extent of that interest, to be used generally until changed or withdrawn by further written notice from that director.

18.5 Who have personal financial interest in respect of a matter to be considered at a meeting of the Board, or knows that a related person has a personal financial interest in matter:

18.6 Must disclose the interest and its general nature before the matter is considered at the meeting;

18.7 Must disclose to the meeting any material information relating to the matter and known to the director;

18.8 May disclose any observations or pertinent insights relating to the matter if requested to do so by the other directors;

18.9 Present at the meeting, must leave the meeting immediately after making any disclosure contemplated in clauses 18.1 to 18.3;

18.20 Must not take part in the consideration of the matter, except to the extent contemplated in 18.2 and 18.3;

18.21 Must not execute any document on behalf of uMngeni-uThukela Water in relation to the matter unless specifically requested or directed to do so by the Board.

18.22 Should not engage in any activity that could raise questions as to the Board's integrity, respect for diversity, impartiality or reputation. More specifically, Board members should:

- i. Take responsibility and accept accountability for actions and decisions taken by the Board.
- ii. Consider whether the actions of other Directors may be unethical and report conduct which is or appears to be in conflict with the interests of uMngeni-uThukela Water or the shareholder.
- iii. Not accept or offer business courtesies or gifts, either in cash or in kind, in connection with their duties as Directors.
- iv. Manage their personal affairs in a manner which does not impair or appear to impair the objectivity of any decisions that they make as members of the Board.
- v. Discourage and refrain from practising nepotism.
- vi. Recuse themselves from any official action or decision-making process which may result in personal gain.

18.23 Not tolerate any form of improper influence, bribery or unethical conduct by stakeholders and to immediately report such conduct.

18.24 Recognize that assets of uMngeni-uThukela Water, including time, materials, equipment and information are for the sole use of uMngeni-uThukela Water and not for personal benefit or use.

18.25 Not utilize uMngeni-uThukela Water's resources, funds, goods or services as contributions to political parties or their candidates, nor make the facilities of uMngeni-uThukela Water available to such candidates or campaigns.

18.26 Preserve the assets, resources and reputation of uMngeni-uThukela Water and report any event that may prejudice uMngeni-uThukela Water.

18.27 Honour the confidentiality of all matters, documents and discussions regarding the board and not use or disclose any official information for personal gain or the gain of others.

18.28 Must subscribe to the Code of Conduct at all times. The members must conduct themselves in an ethical and proper manner during meetings and when on Board's business.

19. RIGHT TO SEEK PROFESSIONAL ADVICE

19.1 The Board may, at uMngeni-uThukela Water's costs, obtain such outside advice or other independent professional advice as it considers necessary to carry out its duties.

19.2 If any members of the Board require external advice, as contemplated in clause 19.1, at uMngeni-uThukela Water's expense, he or she must obtain the Chairman's authorization to do so. The member concerned must provide the Chairman with the following:

- i. The reason for seeking the advice;
- ii. The name of the person or institution from which the advice is sought;
- iii. A cost estimate for the provision of the advice.

19.3 The Chairman must not unreasonably withhold permission to obtain the advice and must inform the Board of the request as soon as possible.



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19.4 The advice obtained must be made available to uMngeni-uThukela Water if the costs are for uMngeni-uThukela Water's account.

20. BOARD INDEPENDENCE

A member of the Board is considered to be an independent non – executive director if:

20.1 He or she has not been employed by uMngeni-uThukela Water or any of its subsidiaries in any executive capacity, or appointed as the designated auditor or partner in uMngeni-uThukela Water's external audit firm, or senior legal advisor for the preceding three (3) financial years;

20.2 He or she is not a member of the immediate family of an individual who is, or has during the preceding three (3) financial years, been employed by uMngeni-uThukela Water or any of its subsidiaries in an executive capacity;

20.3 He or she has not been a professional adviser to uMngeni-uThukela Water or any of its subsidiaries, other than as a director, for the preceding three (3) financial years;

20.4 He or she is free from any business or other relationship (contractual or statutory) which could be seen by an objective outsider to interfere materially with the individual's capacity to act in an independent manner, such as being a director of a material customer of or supplier to uMngeni-uThukela Water or any of its subsidiaries;

20.5 He or she does not receive employment remuneration contingent upon the performance of uMngeni-uThukela Water or any of its subsidiaries.

20.6 The board will review members' independence annually by way of members completing a disclosure of interest form.



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20.7 The independence of members must be disclosed annually in the uMngeni-uThukela Water's Annual Report.

21. REVIEW OF BOARD CHARTER

This Board Charter shall be reviewed by the Board on a bi-annual basis or when necessity dictates and no amendments to this Charter shall be of any force or effect without the approval of the Board.

22. INDEMNITY

22.1 uMngeni-uThukela Water shall purchase insurance to protect itself and to indemnify directors against any liability arising from the performance of directors' duties and functions contemplated in section 78 of the Companies Act 71 of 2008.

22.2 The indemnity insurance contemplated in clause 21.1 above shall be void to the extent that it directly or indirectly purports to:

- i. Relieve directors of any duty contemplated in clause 22 of this Board Charter, duties contemplated in sections 75 or 76 of the Companies Act, 2008; and any duties imposed on them by the Common law or any governance codes.
- ii. Negate, limit or restrict any legal consequences arising from an act or omission that constitutes wilful misconduct or wilful breach of trust on the part of the directors;
- iii. Relieve directors of liabilities contemplated in section 77 of the Companies Act 2008.