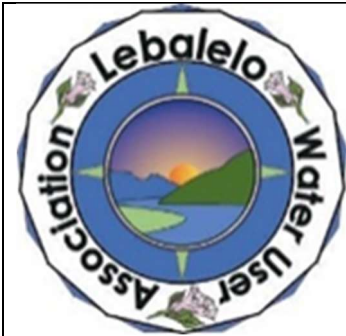


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Lebalelo Water User Association

POLICY GOVERNANCE DEALING WITH Management Committee Charter

VERSION: 003

IMPLEMENTATION DATE: March 2019
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1. AIM

The Association was established on 1 February 2002 in terms of Chapter 8 of the National Water Act of 1998 (Act 36 of 1998, hereafter referred to as “the Act”).

The mission of the Association is that it shall, within the legal framework of the Act, and taking cognisance of the prescribed health standards; strive towards making bulk raw water available to all members and other stakeholders in a cost effective, efficient, sustainable and responsible manner.

The Association’s purpose is to “positively impact lives through water” and its vision is to “be a strategic water management partner in the region the Association operates.”

The Association’s 2030 ambition is to set a journey towards three horizons;

Horizon 1 to stabilise the Association’s operations and the social licence to operate through 5 strategic levers;

Horizon 2 to facilitate the building of a trusted platform for socio economic development in the region through the expansion of the Association’s water management role, aligning members and others around common social economic development initiatives and infrastructure to create social harmony; and

Horizon 3 to help catalyse the creation of game changing businesses to drive exponential socio-economic impact in the region.

2. SCOPE

This Charter is established to maintain an adequate and effective process of corporate governance, which shall be consistent with the nature, complexity and risks inherent in the activities and the business of the Association. The Charter provides a concise overview of the following:

- The composition of the Management Committee (MANCOM).
- The process of nominating, voting and appointing members to the MANCOM.
- The meeting frequency, attendance, quorum, proceedings and resolutions.
- The responsibilities and power of the MANCOM.
- The powers delegated to the sub-committees.
- The matters reserved for MANCOM approval.
- The designated roles on the MANCOM.
- The remuneration of the MANCOM, requirements regarding conflict of interest and the process of performance evaluation.

3. DEFINITIONS

TERM	DEFINITION
Act	National Water Act of 1998 (Act 36 of 1998)
Charter	Management Committee Charter
Executive Member	Executive Member Members of the Executive Management team responsible for the day-to-day operations of the Association and forms part of the Management Committee of the Association.
KING IV	All King IV™ references in this document refer to “ <i>The King IV Report on Corporate Governance for South Africa 2016, The Institute of Directors in Southern Africa</i> ” available at www.iodsa.co.za . Where direct extracts of the report have been included these are reflected in quotations. Otherwise content has been paraphrased with the relevant reference made to the recommended practice (RP) included in the King IV™ report.
Member	Means Member of the Association
member	Means member of the Management Committee

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Non-Executive Member	Means elected member of the Management Committee, which does not form part of the Executive Management team and are therefore not involved in the day-to-day management of the Association.

4. ABBREVIATIONS

This includes all abbreviations used in the document which are generally used in daily communications. Abbreviations are explained in this paragraph in alphabetical order. Within the contents of this policy / procedure, reference is often made to phrases and/or terms that are unique to this policy / procedure. The meaning of the phrases and/or terms shall be as follows:

ABBREVIATION	EXPLANATION
A G M	Annual General Meeting
Association	Lebalelo Water User Association established in terms of Section 92(1) of the National Water Act, 1998 (Act No 36 of 1998) Government Gazette No. 89123053
CEO	Chief Executive Officer
CFO	Chief Financial Officer
MANCOM	Management Committee of the Association
SECOM	Social and Ethics Sub Committee of the Association

5. RESPONSIBLE FOR REVIEW

The CEO is responsible to review this procedure on an annual basis, or as and when changes are required.

6. RESPONSIBLE FOR IMPLEMENTATION

The persons responsible for the implementation of this policy / procedure are:

- The CEO is responsible for implementation.
- Any Association employee or contractor that is requested to assist with the policy / procedure.
- The CEO to make all relevant people mentioned in this procedure aware of their roles and responsibilities.

7. GENERAL

7.1 Contravention

Breach of this policy / procedure by any employee may lead to disciplinary action.

7.2 Distribution

HARD COPY #	DISTRIBUTED TO	MASTER REFERENCE	ELECTRONIC REFERENCE
1	GRC	Central Policies & Procedures Library	Lebalelo Management SharePoint
2	CEO		
3	Management Committee		

8. MANAGEMENT COMMITTEE

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8.1 Composition of the Management Committee

The MANCOM shall consist of five (5) members duly elected in accordance with the Association's Constitution and Members' Agreement and the Chief Executive Officer (CEO) appointed in accordance with clause 16 of the Association's Constitution (Section 13.1 of the Constitution of the Association). The five (5) members of the MANCO shall consist of the following:

- Three (3) individuals from the Industrial Members of the Association.
- One (1) individual from the Ordinary Members of the Association. This individual will be from the Department of Water and Sanitation.
- One (1) individual from either the Northern Province Provincial Government or Mpumalanga Province Provincial Government.

The MANCOM will consist of both Executive Members and Non-Executive Members, however, due to the nature and business of the Association, no Independent, Non-Executive Members will be included in the Management Committee. However, the MANCOM reserves the right to appoint an Independent, Non-Executive Member, who will then form the sixth member of the MANCOM.

As indicated in Section 13.13 of the Constitution, the Association subscribes to the principles of appropriate community, racial and gender representation on the MANCOM, as prescribed by Section 2 of the Act. Therefore, the MANCOM shall comprise of a balance of expertise, skills and knowledge relevant to the Association's requirements and shall reflect the diversity (age, gender, race and culture) (King IV™ Part 5.3, Principle 7, RP 6 and RP 16) strived for through the Strategy of the Association.

Furthermore, in terms of Section 13.14 of the Constitution, if the composition of the MANCOM has no representation of a particular gender or race, then the Chairperson must request all members of the Association and the interest groups to, within 21 days after notice, nominate one (1) person of that gender or race of the Association or water users, to serve on the MANCOM of the Association, provided they have an interest in water usage in the area. The Chairperson must after expiry of the nomination period, appoint one (1) of the nominees for a term of one (1) year.

The Chairperson of the Association shall be elected by the Members of the Association from amongst the appointed members of the Management Committee and on the basis of a two thirds majority vote.

The Deputy Chairperson of the Association shall be elected by the members of the Association from amongst the appointed members of the Management Committee and on the basis of a two-thirds majority vote.

The Administrations Manager or their nominee shall act as secretary of the MANCOM.

The composition of the MANCOM will be annually reviewed and approved by the Members of the Association at the Annual General Meeting (AGM).

8.2 Nomination of and voting for the Management Committee

Any Member of the Association is entitled to elect a member of the Management Committee, subject to the disqualifications contemplated in Schedule 4 to the Act and provided the Member is not more than 180 days in arrears with charges, plus interest, due to the Association (Section 11.1 of the Constitution of the Association).

Any Member of the Association whose name is on the voters' list of the Association, may nominate candidates for election as members of the Management Committee for the category of members it

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represents and may vote at an election of members of the Management Committee (Section 11.1 and Section 12.1 of the Constitution of the Association).

The members of the MANCOM shall be appointed through a nomination and appointment process and appointments must be approved at the AGM. The process of nominating and appointing members for the Management Committee process will include the following:

- A call for nominations for new members or re-election of the incumbent members of the MANCOM should be sent to all the Members on the voters' list of the Association. The call for nominations should be made prior to the date of the AGM.
- Specific criteria, including skills, knowledge, experience and diversity, which should be considered when accepting the nomination for or re-election of the Management Committee Chair, Deputy-Chair and members should be defined and included in the call for nominations.
- Nominations should be made in a nominations letter, should be received two (2) weeks prior to the date of the AGM and should include a profile of the nominated candidate.
- The MANCOM or its nominees should assess the professional commitments of the nominee to ensure that the nominee will have the capacity to serve on the Management Committee.
- Nominees should be approved by the incumbent MANCOM, prior to the Annual General Meeting.
- A profile (including details of existing professional commitments) of each candidate nominated for election, with a statement from the MANCO confirming whether it supports the candidate's election or re-election, should accompany the notice of the Annual General Meeting.
- Voting for nominees at the Annual General Meeting shall take place through the use of secret ballot.

In accordance with Section 13.6 of the Constitution of the Association, the election to or removal of a member from the MANCOM shall be made by giving 30 (thirty) days' notice in writing to the Association at its registered office and to the members and shall take effect on expiry of the 30 (thirty) days' notice.

8.3 Appointment of the Management Committee

An appointment process will be followed when appointing or re-appointing members of the MANCOM. All appointments of Non-Executive members of the MANCOM will be formalised in a letter of appointment that sets out the terms and conditions for serving as a member of the MANCOM. (King IV™ Part 5.3, Principle 7)

The members of the MANCOM shall hold office for a fixed period of at least two (2) years, subject to the provisions of the Constitution, or until:

- The member is removed from the MANCOM by the category of members that elected the member.
- The member resigned from the MANCOM, through written notification.
- The member has been disqualified, for any reason whatsoever.

If a member of the MANCOM is removed or resigned, an alternative candidate should be provided by the Member of the Association from whom the initial candidate was from. This alternative candidate should be approved by the MANCOM and ratified at the next AGM. This alternative candidate will only hold office for the remainder of the period for which the member who was removed or resigned would have continued as a member of the MANCOM.

Both the Chairperson and Deputy Chairperson of the Association shall be elected by the Members of the Association from amongst the members of the appointed MANCOM and on the basis of a two-thirds majority vote. These individuals will hold office for a period of two (2) years and shall be capable of being re-elected by the Members, for a maximum of two (2) consecutive terms of office. Should the Chairperson

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or Deputy Chairperson resign during their term of office, such vacancy shall be filled from amongst the MANCOM until the next AGM.

An induction programme aimed at providing an understanding of the Association's operating environment and the responsibilities of the MANCOM shall be conducted for all newly appointed members.

The MANCOM shall nominate the responsibility of ensuring continuity, overseeing the succession planning of members of the MANCOM and the regular review of the performance of the MANCOM to a specific member of the Association's management team. (King IV™ Part 5.3, Principle 7, & King IV™ Part 5.3, Principle 9,)

9 MANAGEMENT COMMITTEE MEETINGS

9.1 Frequency

The MANCOM should meet at least four (4) times per year (Section 13.11.1 of the Constitution of the Association). The MANCOM also holds the authority to convene additional meetings as circumstances may require, the dates of such meetings will be communicated in writing by the Secretary of the MANCOM. The Chairman of the MANCOM may also meet with the Chief Executive Officer and the Chief Finance Officer and/or the MANCOM Secretary as necessary.

9.2 Agenda, Meeting Papers and Minutes

The MANCOM will establish an annual work plan, incorporating all the MANCOM's responsibilities set out in this Charter, and will ensure that all aspects of the work plan are covered by the agendas of the scheduled meetings. The annual work plan must ensure proper coverage of the matters laid out in the MANCOM Charter. The more critical matters will need to be attended to during each meeting while other matters may be dealt with on a rotation basis. The timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

The Secretary, with input and assistance from the MANCOM Chairman and Chief Executive Officer, prior to MANCOM meetings should discuss important issues and agree on the contents of the agenda. The Secretary should then prepare an agenda for each MANCOM meeting and this, together with papers and presentation material, will be circulated to the members of the MANCOM and other invitees to arrive with them not less than five (5) working days prior to the meeting unless otherwise agreed with the Chairman. Members of the MANCOM must devote sufficient time and effort to be fully prepared for MANCOM meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes will be prepared as soon as possible after the meeting and circulated to the Chairman for review thereof. The minutes will be formally approved by the MANCOM at its next scheduled meeting. All discussions and records must remain confidential, unless there is a specific direction from the MANCOM to the contrary or disclosure is required by law.

9.3 Attendance

Members of the MANCOM will attend all scheduled meetings, including meetings called on an ad-hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman and Secretary of the MANCOM. Members of senior management, assurance providers and professional advisors may also be in attendance at meetings, but by invitation only and they may not vote.

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Members of the MANCOM may attend meetings using available telephone or video conference facilities (electronic communication). Such participation shall constitute presence of the MANCOM member at the meeting (Companies Act Section 73 (3)).

If the Chairman of the MANCOM is absent from a meeting the Deputy Chairman will act as Chairman for that meeting.

A record must be kept of the attendance of MANCOM members and invitees at the MANCOM Meetings.

9.4 Quorum

The Chairperson or Deputy Chairperson of the Association as well as two (2) other MANCOM members must be present at the MANCOM meeting in order to form a representative quorum (Section 13.8 of the Constitution of the Association) Individuals in attendance at MANCOM meetings by invitation may participate in discussions but do not form part of the quorum for meetings.

If a quorum is not present at any MANCOM meeting within 30 (thirty) minutes after the commencement time of the meeting, the meeting may be dissolved and be adjourned to a future date determined by the members of the MANCOM present. The future date will be a minimum of seven (7) days after the date of such meeting at the same time and place (or if such place not be available, at such other place as the members of the Management Committee may determine). If at such adjourned meeting a quorum is not present within 30 (thirty) minutes after the commencement time of the meeting, the meeting shall be automatically cancelled (Section 13.8 of the Constitution of the Association).

9.5 Resolutions

In order for the resolutions of members of the MANCOM to be of force and effect, it will require approval by a majority of members of the MANCOM present and voting. In the event of an equality of votes the Chairperson shall have a casting vote in addition to his deliberative vote as a member of the MANCOM (Section 13.9 and Section 13.10 of the Constitution of the Association).

The use of written resolutions by the MANCOM will be limited to matters that have already been discussed and agreed and will be linked to the prescriptions of Schedule 4 to the Act.

Where urgent matters or instances require immediate confirmation, the Chairman may consult with other members of the MANCOM and call for a matter to be approved via round robin or call for an urgent meeting, provided that the decision and written resolution is noted at the next scheduled meeting.

Decisions taken by written resolution are valid decisions of the MANCOM if signed or validated via e-mail or other electronic means by at least a majority of the members.

10 RESPONSIBILITY AND POWERS OF THE MANAGEMENT COMMITTEE

The MANCOM is accountable to its Members and is responsible to them for the performance and affairs of the Association. It should provide effective, ethical leadership and direction that will result in achievement of strategic objectives and positive outcomes over time (King IV™ Part 5.1, Principle 1). In doing so the MANCOM should do what is necessary to fulfil its roles set out in this Charter. The role of the MANCOM is to:

- Determine the Association's purpose and values.
- Determine the strategies to achieve its purpose and to implement its values in order to ensure that it survives and thrives.

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- Exercise leadership, enterprise, integrity and judgement in directing and to achieve continuing prosperity of the Association.
- Ensure that procedures and practices are in place that protect the Association's assets and reputation.
- Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans.
- Ensure that there are adequate policies and procedures relating to the appointment, and dismissal of the Executive and Senior Management.
- Ensure that technology and systems used are adequate to run the business properly and for it to compete through the efficient use of its assets, processes and human resources.
- Ensure that management identifies key risk areas and key performance indicators of the Association in order to ensure sustainability of the Association.
- Regularly assess performance and effectiveness as a whole, and that of the management team, including the CEO.
- As custodian of the core values and the ethics culture, ensure that an appropriate Business Integrity Policy is adopted and that appropriate ethics standards are defined, measured and managed. The MANCOM should ensure that codes of conduct and ethics policies encompass the Association's interaction with both internal and external stakeholders and the broader society and address the key ethical risks of the Association (King IV™ Part 5.1, Principle 2).
- Ensure that effective relationships are maintained between Executive Management and Association's stakeholders (King IV™ Part 5.5, Principle 16).
- The MANCOM should approve management's determination of the reporting frameworks (including reporting standards) to be used, taking into account legal requirements and the intended audience and purpose of each report (King IV™ Part 5.2, Principle 5).
- Ensure that the MANCOM has developed a succession plan for its executive and senior management. In addition, ensures regular review of the succession of the members of the MANCOM (King IV™ Part 5.3, Principle 7).
- Ensure that the roles and responsibilities allocated to the MANCOM, Sub-Committees, Executive and Senior Management are clearly defined so as to promote an appropriate separation between the oversight function and management responsibilities.
- The MANCOM is responsible to ensure that an appropriate framework for the delegation of Authority to management is approved and reviewed at least annually.
- Report to the Minister of Water and Sanitation on, at least, a bi-annual basis.

10.1 Financial Matters

The role of the MANCOM towards financial matters are as follows:

- The MANCOM must ensure that reliable and transparent financial reporting processes are in place.
- The MANCOM must consider and approve the financial results of the Association and any information relating to the financial matters of the Association.
- The MANCOM should ensure that the company has an effective an audit committee as part of the FINCOM and receives independent advice as and when required.
- The MANCOM should ensure that the solvency and liquidity of the company is continuously monitored (King IV™ Part 5.1, Principle 4)

10.2 Governance and Risk Management

The role of the MANCOM towards governance and risk management are to:

- Monitor and evaluate the adequacy and effectiveness of the Association's Governance Framework in support of its objectives and strategies.

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- Promote a stakeholder-inclusive approach to Governance and ensure that the Association implements collaborative efforts with stakeholders to promote ethical conduct and good corporate citizenship (King IV™ Part 5.5, Principle 16).
- Ensure that systems and controls are in place to promote appropriate, timely and effective communication with the Minister of Water and Sanitation.
- Adopt and oversee the effective implementation of policies and processes necessary to ensure the integrity of the internal controls and risk management, so that decision making capability and the accuracy of its reporting are maintained at a high level at all times.
- Ensure development, implementation and ongoing maintenance of an effective Risk Management Framework and Plan.
- Monitor the key risks relating to the value drivers indicated as the responsibility of the Management Committee.
- Ensure compliance with all relevant laws, regulations and codes of best business practice and should receive regular updates on changes in the Regulatory Environment.
- The MANCOM have unrestricted access to company information and Members are permitted to take independent advice in connection with their duties following an agreed procedure.

10.3 Corporate Citizenship and Stakeholder Management

The MANCOM assumes the responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the Association (King IV Part 5.5, Principle 16.). The MANCOM will exercise ongoing oversight of stakeholder relationship management and oversee that it results in the following:

- Methodologies for identifying individual stakeholders and stakeholder groupings.
- Determination of material stakeholders based on the extent to which they affect, or are affected, by the activities, outputs and outcomes of the Association.
- Management of stakeholder risk as an integral part of organisation-wide risk management.
- Formal mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes.
- Measurement of the quality of material stakeholder relationships and appropriate responses to the outcomes (King IV Part 5.5, Principle 16).

The MANCOM should also:

- “Oversee and monitor, on an ongoing basis, how the consequences of the Association’s activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed with management in relation to workplace, economy, society and environment.” (King IV Part 5.1, Principle 3)
- Ensure that the Association is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the Association but also the impact that the Association’s operations have on the environment and the society within which it operates.
- Monitor programs implemented by the Association to protect, enhance and invest in the well-being of the economy, society and the environment.
- Ensure that measurable Corporate Citizenship programs are implemented by the Association.
- Ensure that appropriate Corporate Citizenship policies are developed and approved (King IV Part 5.5, Principle 16).
- The MANCOM should appreciate that stakeholder’s perceptions affect the Association’s reputation.
- Ensure that communication with its shareholders and stakeholders (internal and external) is open and timely.

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- Ensure compliance with relevant legislation that upholds Good Corporate Citizenship for its employees, society, environment and its consumers.

10.4 Disclosure in Integrated Report

The role of the MANCOM towards the Association's Integrated Report are to:

- Ensure the integrity of the Association's integrated report.
- Approve management's bases for determining materiality for the purpose of deciding which information should be included in external reports (King IV™ Part 5.2, Principle 5).
- Disclose the number of meetings held by the MANCOM during the period, the attendance by the members at these meetings and whether the MANCOM is satisfied that it has fulfilled its responsibilities in accordance with its charter during the financial year (King IV™ Part 5.3, Principle 6).
- Disclose the following with regards to the composition of MANCOM (King IV™ Part 5.3, Principle 7):
A statement on whether the MANCOM is satisfied with the composition of the MANCOM and whether it reflects the required knowledge, skills, experience and diversity.
The targets set for gender and race representation in the membership of the MANCOM and progress made against these targets.
The name, age, qualifications, experience and other professional positions of the members.
The number of years each member has served on the MANCOM.
The reasons why any members of the governing body have been removed, resigned or retired.
- Disclose whether a performance evaluation was done and who performed the assessment.
- A summary of the results, the corrective actions taken and whether the MANCOM is satisfied that the performance assessment is improving its performance should also be reflected (King IV™ Part 5.1, Principle 1).
- Disclose details on who has been delegated the responsibility for performing the administrative functions of the Association and the secretary to the MANCOM (King IV™ Part 5.3, Principle 10).
- Include a statement disclosing that the Chairman of the Association conducted him/herself objectively, including the steps taken to address any conflict that may arise.
- Disclose an overview of the arrangements for governing and managing stakeholder relationships; the key areas of focus during the reporting period; the actions taken to monitor the effectiveness of stakeholder management and how the outcomes were addressed; and future areas of focus (King IV™ Part 5.5, Principle 16).

11 SUB-COMMITTEES

The MANCO is authorised to establish Sub-Committees to assist it in the execution of its duties, powers and authorities. The MANCOM shall delegate to each of the Sub-Committees established, such authority as is required to enable such Sub-Committees to fulfil their respective functions. Delegation of any responsibility to a Sub-Committee in no way abdicates the MANCOM from its accountability King IV Part 5.3, Principle 8), mitigate or discharge the MANCOM and its members from their duties and responsibilities and any actions taken or decision made by a Sub-Committee is deemed to have been taken by the MANCOM.

The MANCOM will determine the frequency, purpose, conduct and duration of its formally established Sub-Committees. It will holistically consider the composition of membership and allocation of roles and associated responsibilities across all the governance Committees to ensure (King IV Part 5.3, Principle 8):

- Collaboration through cross-membership between the various committees, where required.
- Coordinated timing of meetings and avoidance of duplication of effort.

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- That complementary approaches are defined where more than one (1) of the Sub-Committees is responsible for similar matters.
- That the membership across the governance committees is based on a balanced distribution of power to ensure that undue reliance is not placed on one (1) individual or that one (1) individual does not dominate decision-making.

11.1 Delegation of Responsibilities

The MANCOM may delegate particular roles and responsibilities to the Sub-Committees in a formal process (King IV Part 5.3, Principle 8).

Delegation of responsibility includes:

- Adopting a formal Charter for each Sub-Committee which is reviewed and approved by the MANCOM on an annual basis. (King IV Part 5.3, Principle 8). The Charter should, at a minimum, address the following (King IV Part 5.3, Principle 8):
 - The composition, membership, tenure and meeting procedures of the Sub-Committee.
 - The process and criteria for the appointment of any members to the Sub-Committee who are not members of the MANCOM.
 - The overall role, associated responsibilities and functions of the Sub-Committee.
 - Delegated authority with respect to decision-making.
 - The reporting responsibilities, frequencies and audience to whom the reports should be submitted.
 - The Sub-Committee's access to resources and information.
 - The arrangements for evaluating the Sub-Committee's performance.
- Establishing each Sub-Committee with members who collectively have the necessary skills, knowledge, experience and capacity (King IV Part 5.3, Principle 8) to fulfil their role on the Sub-Committee.
- Receiving regular updates on the activities of the Sub-Committees and reviewing their structure, membership and mandates regularly.
- Evaluating the performance and effectiveness of the Sub-Committees on an annual basis, to determine areas in which the functioning requires improvement.

The Chairperson of each Sub-Committee shall report back to the MANCOM at each MANCOM meeting on a general principle of transparency and full disclosure.

Sub-Committees and members are authorised to obtain independent outside professional advice as and when considered necessary. The Administrations Manager, functioning as the Secretary of the MANCOM, shall assist the Sub-Committees and members in obtaining any such professional advice. The MANCOM shall be able to impose or revoke any regulation and/or delegation of authority, by which any Sub-Committee or member shall operate, at any time by recording its decision in the MANCOM minutes.

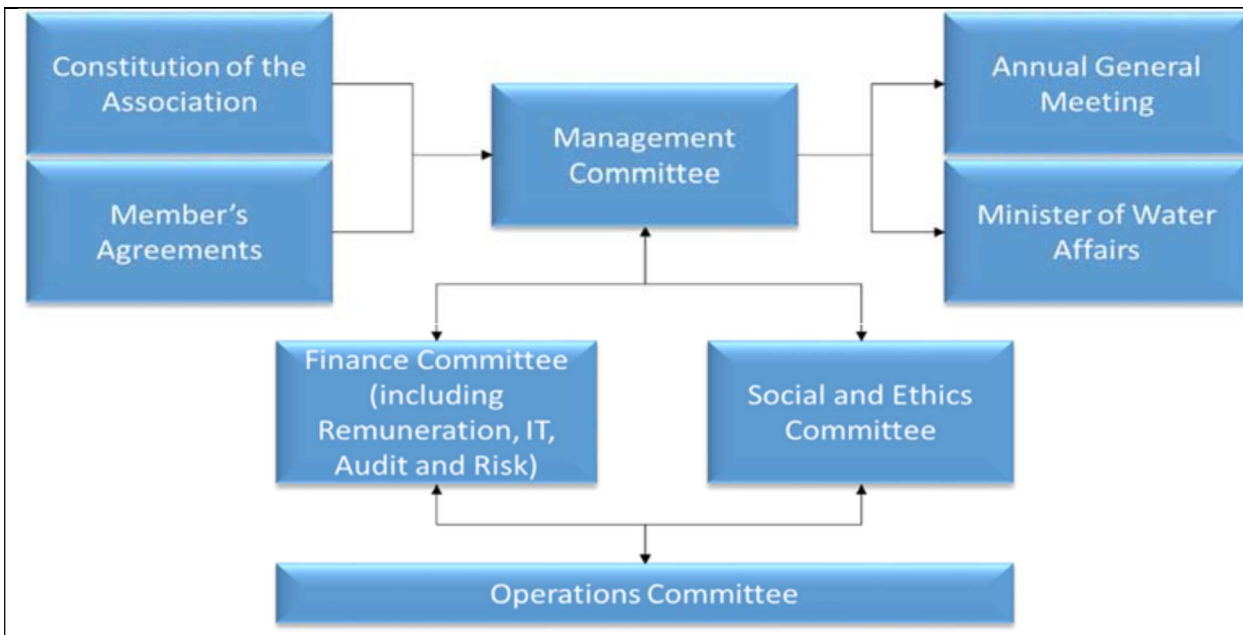
11.2 Committees of the Management Committee

The MANCOM will establish the following Sub-Committees; however, the MANCOM can establish any other Sub-Committee for any specific matter as and when required:

- Finance Committee (including remuneration, IT, audit and risk).
- Social and Ethics Committee.

The governance structures of the Association can be summarized as follows:

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The responsibilities of the Sub-Committees will be outlined in the individual Charters, however, the roles will be specifically linked to the agreed value drivers, as set out below:

KEY ASSOCIATION VALUE DRIVERS	RESPONSIBLE COMMITTEE
Achieve Association Strategy	MANCOM
Safe operating conditions	SECOM
Healthy workforce	
Environmentally responsible operations	
Social mandate to operate	
Sound brand, reputation and ethics	
Effective social stakeholder relations	
Motivated workforce	FINCOM
Achieve operational and liquidity objectives	
Effective commercial and other stakeholder relations	
Comply with legislation and governance requirements	
Accurate and timely reporting	

12 MATTERS RESERVED FOR MANAGEMENT COMMITTEE APPROVAL

The MANCOM shall define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management. Delegated matters shall be recorded in the minutes and evaluated on a regular basis.

The following matters shall be reserved for approval by the MANCOM on the basis of any recommendation that may be made by the Sub-Committees of the MANCOM and/or management:

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12.1 Strategic issues

- The strategy, business plans and annual budgets, any subsequent material changes in strategic direction or material deviations in business plans and key assumptions and business indicators on which the Association's strategic objectives and policies are based.
- Any material departure from strategic objectives and policies, including significant realignment of the businesses in which the group operates or is invested.
- Any major transactions.
- Policies regulating the Association's relations with its social and commercial stakeholders and the significant issues arising from these relationships.

12.2. Financial

- The adoption of any significant change or departure in the accounting policies and practices of the Association.
- Approval of the annual budget.
- The approval of annual financial statements and the approval of interim reports (if required).

12.3 Statutory and Administrative

- Approving recommended amendments to the Constitution of the Association.
- Recommending to the Members the appointment, removal or replacement of the external auditor.
- The frequency of meetings of the MANCOM.
- The convening of the annual and general meetings of the Members.
- The approval of notices for annual and general meetings of the Members.
- The prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business.
- The granting of general signing authorities to the Executive and Senior Management team.
- Formulation of remuneration and employment policies and practices dealing with, inter alia, equal opportunity, diversity, transformation, compensation, benefits, recruitment, retention, retirement, duly assisted by the Finance Committee.
- Retrenchment, talent management, and all associated human resource issues.
- Formulation of policies in relation to the environment, health and safety, community relations and any such other policies relevant to the Association's social and commercial stakeholders.
- Appointments to the MANCOM, duly assisted by the Administrations Manager.
- Approval of the Charter of and changes in the composition of the MANCOM.
- The appointment (including approval of the employment contract and remuneration), removal (King IV Part 5.3, Principle 10) or replacement of the individual fulfilling the role of Secretary to the MANCOM.
- The MANCOM must ensure that the person fulfilling the role of Secretary to the MANCOM has the necessary competence, gravitas and objectivity to provide independent guidance and support at the highest level of decision-making in the Association (King IV Part 5.3, Principle 10). The MANCOM must ensure that the individual fulfilling the role of Secretary to the MANCOM is empowered and that the position carries the necessary authority (King IV Part 5.3, Principle 10).

13 DESIGNATED ROLES ON THE MANAGEMENT COMMITTEE

13.1 Chairman of the Management Committee

The Chairman is elected by the MANCOM and will have no executive or management responsibilities. The Chairperson is primarily responsible for:

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- Ensuring the effective functioning of the MANCOM and the integrity and effectiveness of the MANCOM and its Sub-Committees.
- Providing overall leadership to the MANCOM, without limiting the principle of collective responsibility for MANCOM decisions.
- Ensuring that all the MANCOM members are fully involved and informed of any business issue on which a decision has to be taken.
- Ensuring that Executive and Senior Management play an effective management role and participate fully in the operation and governance of the Association.
- Exercising independent judgement, acting objectively and ensuring that relevant matters are placed on the agenda and prioritised properly.
- Availing himself / herself to the CEO between MANCOM meetings to provide counsel and advice.
- Ensuring that the performance of the CEO is evaluated frequently; and act as the main informal link between the MANCOM and Executive and Senior Management, particularly the CEO.

The Chairman of the MANCOM;

- May be a member of the Finance, Remuneration, IT Audit and Risk Committee but may not be its Chairman.
- May be a member of the Social and Ethics Committee but may not be its Chairman.

13.2 Chief Executive Officer

While the MANCOM retains full and effective control of the Association, it delegates day-to-day management responsibility to the CEO. The CEO may delegate certain of his responsibilities to the Executive and Senior Management team.

The CEO is appointed by the MANCOM and is responsible for managing the operations of the organisation, ensuring that it is run efficiently and effectively and in accordance with the strategic decisions of the MANCOM.

The duration of the CEO's appointment, terms of appointment and compensation are determined by the MANCOM and based on the requirements of the Constitution.

The CEO may not be Chairman of the MANCOM. The retired CEO should not become the Chairman of the MANCOM until three (3) complete years have passed after the end of his tenure. (King IV™ Part 5.3, Principle 7).

The CEO is accountable to the MANCOM for, amongst other things:

- Development and recommendation to the MANCOM of the strategy and vision of the Association and the annual business plans and budgets that support the Association's long-term view; achievement of performance goals, objectives and targets.
- Agree and recommend for approval matters specified in Association's Delegation of Authority Framework.
- Maintenance of an effective management team and management structures.
- Ensuring that appropriate policies are formulated and implemented to guide activities.
- Ensuring that effective internal organisation, risk management and comprehensive governance measures are deployed.
- Serving as the chief spokesperson of the organisation.

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The CEO is an ex-officio member of the MANCOM and must report to the MANCOM on a quarterly basis regarding all matters of the Association.

13.3 Administrations Manager

The Administrations Manager will fulfil the role as Secretary to the MANCOM, shall not be a member of the MANCOM and shall have unfettered access to the MANCOM but, for reasons of independence, shall maintain an arms-length relationship with the MANCOM and individual members.(King IV™ Part 5.3, Principle 10).

The Administrations Manager will report to the MANCOM via the Chairman on all statutory duties and functions performed in connection with the governing body. The Administrations Manager will report to the designated member of Executive Management on other duties and administrative matters. (King IV™ Part 5.3, Principle 10).

The Administrations Manager is accountable to the MANCOM for:

- Attending all MANCOM meetings, preparing and circulating MANCOM papers and preparing the minutes of the MANCOM meetings.
- Preparation of the annual work plan for the MANCOM and Sub-Committees.
- Ensuring that MANCOM procedures are followed and reviewed regularly and that applicable rules and regulations for the conduct of the affairs of the MANCOM are complied with.
- Guiding MANCOM members as to how their responsibilities should be properly discharged in the best interests of the organisation.
- Evaluation of the performance of the MANCOM and Sub-Committees.
- Assisting with and co-ordinating the development and implementation of the MANCOM member induction program and any training provided to the MANCOM.
- Keeping abreast of, and informing, the MANCOM of current and new developments regarding corporate governance thinking and practice.
- Maintenance of statutory records in accordance with legal requirements.

14 REMUNERATION FOR MANAGEMENT COMMITTEE MEMBERS

Members of the MANCOM will not receive any remuneration for attending MANCOM meetings. Reasonable incidental costs relating to accommodation and travel may be reimbursed at cost and the allowable expenses and thresholds subject to the Association's Human Resources Policy.

Should an Independent, Non-Executive Member be appointed to the MANCOM, then the remuneration will be defined and approved by the MANCOM. The Independent, Non-Executive Member shall receive remuneration based on the following, which will be reviewed by the Members at the AGM:

- A basic fee for serving on a MANCOM.
- Additional remuneration, if appointed as the Chairperson of MANCOM.
- Additional remuneration for any special service as a Member of the MANCOM.

15 CONFLICT OF INTEREST AND COMPETITIONS ACT DISCLOSURE

A MANCOM member must not participate in any discussion upon nor vote on any matter in which he has an interest.

MANCOM members must disclose real or perceived conflicts to the MANCOM and deal with them accordingly. At the beginning of each meeting of the MANCOM all members should be required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts

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should be proactively managed as determined by the MANCOM and subject to legal provisions. (King IV™ Part 5.3, Principle 7). At each meeting of MANCOM all members should note the Competitions Act (No 89 of 1998) disclosure provision.

A register of conflict of interest and Competitions Act disclosures must be maintained by the Administrations Manager.

16 PERFORMANCE EVALUATION

The MANCOM, in motivating management and employees effectively and productively, will promote a culture that supports enterprise and innovation with appropriate short- and long-term performance-related rewards that are fair and achievable.

The MANCOM shall be responsible for undertaking regular performance assessments of the Chairperson, CEO, CFO, individual members of the MANCOM, the MANCOM, and MANCOM Sub-Committees in order to evaluate its effectiveness and performance. The CEO will be responsible for the performance appraisal of the Chairperson.

17 APPROVAL OF CHARTER

The Association's Management Committee Charter is established in accordance with the guidance provided by the King IV™ Report on Corporate Governance. This Charter was first approved by the Management Committee on 14 March 2019 and must be reviewed annually by the MANCOM (King IV™ Part 5.2, Principle 6).

18 HISTORY OF CHANGES

Reasons for Change - Index

A	As a result of incidents
B	As a result of audit findings
C.	Changes in Operating Procedures
D.	Changes in Legislation/Structures
E.	Changes in Technology
F.	Changes in Machinery/Equipment
G.	Results of risk assessments
H.	Change in training requirements
I.	New procedure format
J.	Change due to spelling or grammatical error
K.	To integrate a special instruction into the document control system
L.	Other reasons

Date of change	Revised Item (Paragraph number) - include a reference if it is applicable	Reason	Name of reviewer
14 March 2019	New Charter	L	Committee
10 June 2019	Revised Format (Whole Document)	I	A Collier
March 2020	Annual review	L	A Collier

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19. RECORD OF CONTROL

Records to be maintained in accordance with this policy / procedure:

Identification	Reference number	Responsible for filing	Responsible for maintenance	Location of storage area	Retention period	Method of disposal
Dealing with Policy		GRC		Association Offices	Duration of document life	Shredding
Policy audit reports and findings		GRC		Office / Operations		
Corrective actions of the related findings or correspondences to the Policy		CEO		Office / Operations		

20 REFERENCES

20.1 Document and Policy References

This document should be read in conjunction with the following documents:

Number	Document Name	Document Owner
1	The Constitution of the Lebalelo Water User Association, dated 28 September 2001	CEO: B Bierman

20.2 Applicable Legislation

Number	Document Name	Document Owner
1	Section 92(1) of the National Water Act, 1998 (Act No 36 of 1998) Government Gazette No. 89123053	GRC: A Collier

21 RELATED PROCEDURES

Document number	Document Title
LWUA-BM-GOV-POL	Association Governance Documentation Procedure

22 ANNEXURES

Annexure	Name
Annexure	NONE