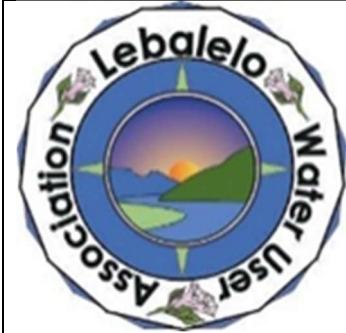


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Lebalelo Water User Association

POLICY GOVERNANCE DEALING WITH Social and Ethics Committee Charter

VERSION: 003

IMPLEMENTATION DATE: March 2019
LAST REVISION DATE: March 2020
REFERENCE NUMBER: LWUA-BM-GOV-POL

	NAME	POSITION	SIGNATURE	DATE
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1. AIM

The Social and Ethics Committee (SECOM) is constituted as a sub-committee of the Management Committee (MANCOM) of the Association. The Committee will exercise its authority under delegation from and is accountable to the MANCOM for its performance.

The purpose of the SECOM Charter is to set out the role, associated responsibilities, functions, delegation of authority with respect to decision-making as well as the requirements for its composition, meeting procedures, reporting, disclosure requirements and arrangements for evaluating performance of the Committee.

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 OF THE SOCIAL AND ETHICS COMMITTEE

The Committee was established to assist the MANCOM with the oversight of social and ethical matters and in ensuring that the Association is and remains a committed socially responsible corporate citizen.

The Committee's primary role is to monitor, support, advise and provide guidance on the effectiveness of management's efforts in respect of social, ethics and sustainable development related to the following:

- Safety and occupational hygiene;
- Health and wellness, including occupational health;
- Human resource development, employment equity and transformation;
- Environmentally responsible operations;
- The protection of the Association's brand and reputation;
- Reputation and ethics management;
- Social mandate and community development; and
- Stakeholder engagement and relationship management.

The Committee has an independent role with accountability to both the MANCOM and Members. The existence and responsibilities of the Committee do not reduce the responsibilities of the MANCOM members in regard to their statutory and fiduciary duties and responsibilities, and any responsibilities they may have in terms of legislative requirements, and they will continue to exercise due care and judgement in accordance with their statutory obligations. The Committee will not assume the functions of management, which remain the responsibility of the Chief Executive Officer and other members of senior management.

3. DEFINITIONS

TERM	DEFINITION
Charter	Social and Ethics Committee Charter
Executive Member	Members of the Executive Management team responsible for the day-to-day operations of the Association and forms part of the Social and Ethics Committee of the Association.
MANCOM	Management Committee of the Association
Member	Member of the Association

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member	Member of the Management Committee or Social and Ethics Committee
Non-Executive Member	Appointed member of the Social and Ethics 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.
SECOM	Social and Ethics Committee of the Association
The Committee	The Social and Ethics Committee of the Association

4. ABBREVIATIONS

The 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
Association	Lebalelo Water User Association
CEO	Chief Executive Officer
CFO	Chief Financial Officer
King IV	All King IV™ references in this document refer to "The King IV Report on Corporate Governance for South Africa 2016, The Institute of Directors in Southern Africa" available at www.iodsa.co.za . Specific consideration was given to Sector Supplement for Non-profit Organisations included as Part 6.3 of The King IV Report™. 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.
SECOM	Social and Ethics Committee of the Association

5. RESPONSIBLE FOR REVIEW

The Social Development Manager 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 Social Development Manager is responsible for implementation.
- Any Association employee or contractor that is requested to assist with the policy / procedure.
- The Social Development Manager 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

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

8 COMPOSITION OF THE SOCIAL AND ETHICS COMMITTEE

The Committee 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 SECOM at this point in time.

The Committee shall consist of five (5) members duly appointed by the MANCOM.

The five (5) members shall consist of the following:

- One (1) non-executive member from the MANCOM as the chair of the Committee.
- One (1) Member of the Association preferably from the Department of Water and Sanitation or the Northern Province Provincial Government or Mpumalanga Province Provincial Government Provincial government.
- One (1) external expert appointed on the basis on his/ her skills and expertise relating to social stakeholder management, ethics and/ or environmental activities.
- The Chief Executive Officer (CEO) as a co-opted member.
- The Social Development Manager as a co-opted member.

An invitation to attend the Committee meetings will be extended to the Chairperson of the MANCOM, Operations Manager and Legal Manager.

The Administrations Manager or his/ her nominee shall act as secretary of the Committee.

The composition of the Committee will be annually reviewed and approved by the MANCOM.

9 EXPERTISE, SKILLS AND KNOWLEDGE OF COMMITTEE MEMBERS

The Committee shall also comprise of a balance of expertise, skills and knowledge relevant to the Associations requirements¹ and the scope of the Committee (as outlined in section 4 of this Charter) and capacity to enable this Committee to fulfil its duties².

The members will be required to keep abreast of all developments relating to the purpose and scope of the Committee. New members will be provided with induction and a complete orientation pack that will allow them to effectively perform their duties.

10 SOCIAL AND ETHICS COMMITTEE MEETINGS

10.1 Frequency

The Committee should meet at least four (4) times per year. The Committee may also convene additional meetings as circumstances may require, requested by the Committee Chairperson or any other member or at the insistence of the MANCOM.

The dates of such meetings to be communicated in writing by the Secretary of the Committee. The Chairperson of the Committee may also meet with the CEO, the Social Development Manager and/or the Committee Secretary as necessary.

¹ Section 13.13 of the Constitution of the Association and King IV™ Part 5.3, Principle 8, RP 45 and RP 55

² King IV™ Part 5.3, Principle 8, RP 45 and RP 55

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10.2 Agenda, Meeting Papers and Notes for Record

The Committee will establish an annual work plan, incorporating all the Committee'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 SECOM 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 should prepare an agenda for each Committee meeting and this, together with submissions, reports and presentation material, will be circulated to the members of the Committee and other invitees no less than three (3) working days prior to the meeting unless otherwise agreed with the Chairperson.

Notes for Record of the Committee meetings will be prepared by the Secretary and circulated to the Chairperson for review thereof. The Notes for Record will be approved by the Committee at its next scheduled meeting. The Notes for Record of the Committee meetings shall be submitted to the MANCOM, along with appropriate submissions to provide the Chairperson an opportunity to report on any matter of importance or to request approval of resolutions.

10.3 Attendance

Members of the Committee 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 Chairperson and Secretary of the Committee. Members of senior management, assurance providers and professional advisors may also be in attendance at meetings, but by invitation only and will have not decision-making authority.

Members of the Committee may attend meetings using available telephone or video conference facilities (electronic communication). Such participation shall constitute presence of the Committee member at the meeting³.

A record must be kept of the attendance of Committee members and invitees at the meetings.

10.4 Quorum

The Chairperson of the Committee as well as two (2) other Committee members must be present at the Committee meeting in order to form a representative quorum.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for meetings.

10.5 Resolutions

The Committee will not have the authority to approve written resolutions but can recommend resolutions for approval by the majority of the members of the MANCOM⁴.

³ Companies Act Section 73 (3)

⁴ Section 13.9 and Section 13.10 of the Constitution of the Association

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11 RESPONSIBILITY AND POWERS OF THE SOCIAL AND ETHICS COMMITTEE	
The Committee shall consider matters relating to the value drivers of the Association, 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	
11.1 Safe Operating Conditions and a Healthy Workforce	
The responsibilities of the Committee towards safe operating conditions and a healthy workforce includes the following:	
<ul style="list-style-type: none"> • Ensure compliance with relevant legislation governing safety; occupational hygiene; occupational health and wellness for its employees, Members and external parties. • Monitor the key risks relating to a safe operating conditions and a healthy workforce as outlined by the value drivers of the Association, coupled with ensuring appropriate assurance is obtained, as necessary. 	
11.2 Environmental Management	
The responsibilities of the Committee towards environmental management are to:	
<ul style="list-style-type: none"> • Consider the impact of the Association’s operations on the environment. • Monitor programs implemented by the Association to protect, enhance and invest in the well-being of the environment. • Ensure compliance with relevant legislation to environmental management. • Monitor the key risks relating to environmental management as outlined by the value drivers of the Association, coupled with ensuring appropriate assurance is obtained, as necessary. 	
11.3 Social Mandate	
The responsibilities of the Committee towards its social mandate includes the following:	
<ul style="list-style-type: none"> • Ensure that appropriate corporate citizenship policies are developed and approved⁵. • Recommend for approval by the MANCOM measurable corporate citizenship programs which will develop the communities in which its activities are predominantly conducted. 	

⁵ King IV Part 5.1, Principle 3, RP 11

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- Monitor the progress of the implementation of the corporate citizenship programs.
- “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.”⁶
- Monitor compliance with relevant legislation that upholds good corporate citizenship for its employees, society, environment and its consumers.
- Oversee and monitor employment relationships, and its efforts and contribution toward the human resource development, employment equity, transformation and educational development of its employees.
- Monitor the key risks relating to social mandate as outlined by the value drivers of the Association, coupled with ensuring appropriate assurance is obtained, as necessary.

11.4 Sound Brand, Reputation and Ethics

The responsibilities of the Committee towards sound brand, reputation and ethics are to:

- Appreciate that stakeholder’s perceptions affect the Association’s reputation and oversee appropriate activities to manage these perceptions.
- Ensuring that the Association’s ethics is effectively managed by:
 - Demonstrating support for ethics through the Association;
 - Review and approve the Business Integrity Policy and Code of Conduct of the Association which articulates the ethical standards of the Association⁷;
 - Monitoring of the application of the ethical standards⁸ and compliance the Business Integrity Policy and code of conduct by Management and employees;
 - Ensuring that appropriate processes are in place to ensure that the Members, Management and employees are familiar with the ethical standards of the Association.
- Monitor the key risks relating to a sound brand, reputation and ethics management as outlined by the value drivers of the Association, coupled with ensuring appropriate assurance is obtained, as necessary.

11.5 Social Stakeholder Engagement and Management

The responsibilities of the Committee towards social stakeholder engagement and management includes the following:

- Continuously monitoring the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached by the Association.⁹
- Recommend for approval the policy outlining the Associations’ direction on stakeholder engagement and management¹⁰.
- The Committee 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;

⁶ King IV Part 5.1, Principle 3, RP 14

⁷ King IV Part 5.1, Principle 2, RP 4 - 7

⁸ King IV Part 5.1, Principle 2, RP 9

⁹ King IV Part 5.5, Principle 16, RP 1

¹⁰ King IV Part 5.5, Principle 16, RP 2

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- 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; and
- Measurement of the quality of material stakeholder relationships and appropriate responses to the outcomes.”¹¹
- Monitor the key risks relating to social stakeholder engagement and management as outlined by the value drivers of the Association, coupled with ensuring appropriate assurance is obtained, as necessary.

12 AUTHORITY

The Committee is authorised by the MANCOM to:

- Investigate any activities within the provision of its Charter;
- Seek outside legal or other independent professional advice at the Association’s expense in accordance with a procedure developed by the MANCOM for this purpose;
- Secure the attendance of outsiders with the relevant experience and expertise where necessary at the Association’s expense in accordance with a procedure developed by the MANCOM;
- Seek any information it requires from any employee, to enable the Committee to carry out its responsibility and duties in accordance with the Charter and all employees are required to cooperate with any reasonable requests made by the Committee; and
- Delegate duties to management or the Operations Committee of the Association.

13 REPORTING REQUIREMENTS

The Committee shall prepare and submit formal reports on its activities to the MANCOM with such recommendations as the Committee may deem appropriate.

It shall prepare a statement for inclusion in the annual report that describes the Committee’s composition, number of meetings held, attendance at these meetings, the key responsibilities (including its mandate), how these responsibilities were discharged, key areas of focus, actions taken to monitor effectiveness of the scope of this committee and future areas of focus.¹²

The Committee will review the disclosure of ethics, sustainability and corporate citizenship matters to be included in the integrated report. The Committee will liaise closely with the Finance Committee to exchange information relevant to sustainability and corporate citizenship issues that may impact the Association.

The Chairperson of the Committee, or in his absence, any member of the Committee shall be in attendance at the Annual General Meetings of Members of the Association and respond to any questions relating to the work of the Committee.

14 REMUNERATION FOR SECOM MEMBERS

Members of the Committee will not receive any remuneration for attending Committee meetings. 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 Committee, then the remuneration will be defined and approved by the MANCOM.

¹¹ King IV Part 5.5, Principle 16, RP 4

¹² King IV™ Part 5.3, Principle 8, RP 50

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15 CONFLICT OF INTEREST AND COMPETITIONS ACT DISCLOSURE

A Committee member must not participate in any discussion upon nor vote on any matter in which he has an interest, for example, business interests.

At the beginning of each meeting of the Committee 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 should be proactively managed as determined by the MANCOM and subject to legal provisions.¹³

At the beginning of each meeting of the Committee all members should note the Competition Act (No 89 of 1998) disclosure provision.

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

16 PERFORMANCE EVALUATION

The MANCOM shall be responsible for undertaking regular evaluation of the effectiveness and performance of the Social and Ethics Committee.

17 APPROVAL OF CHARTER

The Association's Social and Ethics 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 MANCOM¹⁴.

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	Approval by Committee	L	Committee

¹³ King IV™ Part 5.3, Principle 7, RP 26

¹⁴ King IV™ Part 5.2, Principle 8, RP 42

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7 June 2019	Revised format (whole document)	I	A Collier
XX March 2020	Annual Review	L	A Collier

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		Legal -GRC	GRC	Association Offices/ SharePoint	Duration of document life	Shredding
Policy audit reports and findings		- SDM	SDM	Office		
Corrective actions of the related findings or correspondences to the Policy		Social Development Manager I	SDM	Office		

20 REFERENCES

20.1 Documents 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	Chief Executive Officer

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