

KING IV APPLICATION REGISTER

Principle	Outcomes	Implementation of practices and status
LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
Governance Outcome: Ethical Culture		
<i>“Establishment of an ethics culture within the organisation so that interactions with stakeholders are undertaken in an ethical manner”</i>		
01	<p>Leadership</p> <p>“The governing body should lead ethically and effectively”</p> <p>The recommended practices that the governing body should perform, are summarised as:</p> <ul style="list-style-type: none"> • Cultivate and exhibit collectively and individually, characteristics of integrity, competence, responsibility, fairness and transparency • Offer leadership that results in achievement of strategy and outcomes over time • Disclose how they are being held to account for their leadership outcomes 	<p>Applied</p> <ul style="list-style-type: none"> - The Board holds one another accountable for decision-making. The principle of jointly and severally liable is applicable to the board. - Leadership outcomes are disclosed in the Board Evaluation Report & Integrated Annual Report
02	<p>Organisational ethics</p> <p>“Govern the ethics of the organization in a way that supports the establishment of an ethical culture”</p> <p>The recommended practices that the governing body should perform, are summarised as:</p> <ul style="list-style-type: none"> • Set the direction for ethics in the organization • Approve codes of conduct and ethics policies as well as ensure that they include all stakeholders and key ethical risks • Ensure that there are ways for stakeholders to be made familiar with the codes of conduct and ethics policies • Delegate implementation of codes of conduct and ethics policies to management and provide ongoing oversight of this management, including results in such matters as recruitment, employee remuneration, supplier selection, breach management, whistle-blowing and independent assessments • Disclose how ethics are being managed, focus areas, monitoring measures and how ethical outcomes are addressed 	<p>Applied</p> <ul style="list-style-type: none"> - The board is ultimately responsible as the governing body, however it has delegated the responsibility to Group Audit Committee - The Group Audit Committee is responsible for the monitoring and governance of the ethics of Rand Water and this is contained in its terms of reference. - The Code of Ethics Policy guides the interaction between employees, clients, stakeholders, suppliers and the communities within which it operates. - The Board has a Code of Conduct and Procedure for Board Activities - Ethics training interventions were held as well as more awareness sessions planned for the financial year - The Code of Ethics Policy was reviewed and approved by the Board in 2016. The Guidelines

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			<p>for Declaration of Interests, Business Courtesies and Participation in other entities were developed to support the Code of Ethics Policy.</p> <ul style="list-style-type: none"> - Ethics strategy is being developed to promote ethical business conduct through transparent communication and compliance with the Code of Ethics Policy. - Ethics roadshows will be undertaken regularly to educate employees on ethical conduct and ethics management framework to ensure that they adhere to ethical principles. - Ethics matters were presented at the launch of the Rand Water integrated annual report by the CE. - The Code of Ethics Policy and the above-mentioned guidelines are being presented to all new employees at the induction. - Ethics matters are reported to the Group Audit Committee and the Board quarterly.
03	Responsible Corporate Citizenship	<p>“ Ensure that the organization is and is seen to be a responsible corporation citizen”</p> <p>The recommended practices that the governing body should perform, are summarised as:</p> <ul style="list-style-type: none"> • Set the direction for the good corporate citizenship, including compliance with the Constitution, laws, standards and own policies and procedures, as well as congruence with the organization’s purpose , strategy and conduct • Oversee and monitor (using agreed performance indicators and targets) the organisations status as a good corporate citizen in such areas as the workplace, economic behaviors and results, societal and environmental impacts • Disclose how corporate citizenship is managed, current and future focus areas, monitoring measures and how corporate citizenship outcomes are addressed 	<p>Applied</p> <ul style="list-style-type: none"> - Rand Water have several segments responsible for corporate social responsibility focusing on rural development, community development, enterprise development and socio economic development through projects and sponsorships and donations - Rand Water is a good corporate citizen as it is committed to improving the quality of life in the communities in which it operates. This is done through the RWF which is responsible for the co-ordination and execution of the Rand Waters’ corporate social investment initiatives. - The RWF has a number of flagship and national programmes that seeks to address specific developmental needs which include

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			<p>amongst others enterprise development, education and training, water and sanitation, NGO support, health and HIV/AIDS initiatives.</p> <ul style="list-style-type: none"> - Rand Water and the Rand Water Foundation enter into a shareholder compact with agreed key performance indicators and targets on an annual basis. This is monitored and reported on a quarterly basis at the Group Audit Committee. - Rand Water complies with relevant environmental laws and standards. This is an area which is constantly monitored as a business. - These aspects are reported in the integrated annual report of Rand Water. - In addition, Rand Water participates in a number of other projects of the Government and/or the Shareholder, such as most recently, the War on Leaks Programme

STRATEGY, PERFORMANCE AND REPORTING

Governance Outcome: Good Performance

“Well governed organisations should be run for the purpose of and in a manner that is intent on delivering value and they should report or disclose results to stakeholders”

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04	<p>Strategy and performance</p> <p><i>“Well governed organisations should be run for the purpose of and in a manner that is intent on delivering value and they should report or disclose results to stakeholders”</i></p>	<p>“ The governing body should appreciate that the organization’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process”</p> <p>The recommended practices that the governing body should perform, are summarized as:</p> <ul style="list-style-type: none"> • Steer an set direction, purpose and strategy of the organization • Delegate to management the formulation and thereafter approval of strategy with due reference to timelines, risks and opportunities, resources and relationships, legitimates expectation of stakeholders, changes in the six capitals and the inter-connectedness and inter-dependencies of the these factors • Approve managements policies and operational plans, including key performance measures and targets • Delegate the implementation of policy and plans to management • Oversee implementation of the strategy and plans by management against the agreed performance measures and targets • Oversee that there is ongoing assessment and response to any negative consequences for the economy society and environment by the company using its 6 capitals • Be alert to be organization’s general viability, reliance and effect on its capital, solvency and liquidity and its going concern status 	<p>Applied</p> <ul style="list-style-type: none"> - The Board holds strategic sessions on May and October each year, with the members of the Portfolio Integrating Committee, to review the strategic direction where the Board informs and approves the strategy. - The Board enters into a shareholder compact with the Minister of Water and Sanitation on an annual basis and the key performance indicators are based on the shareholder compact which are the objectives set by the Shareholder. This is reported to the Shareholder on a quarterly basis once considered by the Board - There is a delegation of authority matrix in place and the CE, supported by the executive team has been delegated with the implementation of the strategy. - All Policies are submitted to the Board for consideration and there is a Policy Governance process in place - The key risks in the organisation are identified at the annual risk assessment workshop by Management and are dealt with by the Board. - The Board considers financial, operational and sustainability-related information in the context of its strategy and it is fully cognisant that the strategy and risk elements are inseparable.
05	<p>Reporting</p>	<p>“The governing body should ensure that reports issued by the organization enable stakeholders to make informed assessments of the organization’s performance, and its short, medium and long term prospects”</p> <p>The recommended practices that the governing body should perform, are summarised as:</p>	<p>Applied</p> <ul style="list-style-type: none"> - The Shareholder and National Treasury provides reporting requirements and Rand Water conducts the organisation’s reporting in line with that . That process is overseen by the Board.

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		<ul style="list-style-type: none"> • Set the direction, approach and conduct for the organization’s reporting • Approve the reporting frameworks to be used • Oversee that the various report 	<ul style="list-style-type: none"> - AG and internal audit provide the assurance on the reporting and disclosure process. - The integrated annual report provides appropriately balanced business and sustainability reporting in line with the principles of the King IV Report while meeting the information needs of the Rand Water’s diverse stakeholders. - The Board provides its assurance on the integrity of the integrated annual report having reviewed the content prior to approval. - There are effective controls in place that to enable the Board to verify and safeguard the integrity of its integrated annual report.
GOVERNING STRUCTURES AND DELEGATION			
06	Primary roles and responsibilities of the governing body	<p>“The governing body should serve as the focal point and custodian of the corporate governance in the organization”</p> <p>The recommended practices that the governing body should perform, are summarized as:</p> <ul style="list-style-type: none"> • Exercise its leadership role ;have a charter; approve a protocol for it, its committee and members to get professional advice, approve a protocol for non-executive members to get documentation and meeting with management • Disclose the number of its meeting and attendance thereof, whether it is satisfied that it has discharge its responsibilities in relation to its charter 	<p>Applied</p> <ul style="list-style-type: none"> - The Board is regulated by a Charter which sets the parameters within which it operates by defining its powers, roles and responsibilities, structure and board processes as well as details the manner in which the business must be governed. - During the year 2017, the Board Charter has been reviewed as part of the annual review process to align with best governance practice and it is pending approval by the Board. - The Board convenes its meeting quarterly within the financial year. The Board has various sub-Committees which report to it on a regular basis. - The number of meetings is disclosed in the integrated annual report on an annual basis. Furthermore, board members attendance of meetings is included as a key performance indicator and reported to the Shareholder on a quarterly basis.

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07	<p>Composition of the governing body</p>	<p>“The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively”</p> <p>The recommended practices that the governing body should perform, are summarised as:</p> <p>Composition of the body</p> <ul style="list-style-type: none"> • Direct and approve the processes for attaining an appropriate composition. • Consider an appropriate size for itself, with reference to the optimal mix of knowledge, skill, experience, diversity, independence (i.e. executive, non-executive members), sufficiency in numbers for its committees, quorum requirements, regulatory requirements and diversity targets • Comprise of a majority on non-executive members, most of whom should be independent • Appoint as a minimum the CEO and one other executive to the governing body • Promote diversity in its membership (age, culture, race, gender and fields of expertise) and set targets for race and gender representation in its composition • Arrange for periodic and staggered rotation of its membership • Establish a succession plan for its membership <p>Nomination Election and Appointments of members to the governing body</p> <ul style="list-style-type: none"> • Approve nominations as a whole and ensure that the process for nomination, election and appointment is formal and transparent • Consider the collective attributes and diversity needed, as well as whether the candidate is “fit and proper” prior to potential member nomination • Consider the past performance of a member prior to nomination for re-election, and for potential non-executive directors request information of other 	<p>Applied</p> <ul style="list-style-type: none"> - The process of appointing Board members at Rand Water is formal and transparent. In terms of the Water Services Act, the Minister constitutes a selection panel to consider and recommend persons for appointment as members of the Board of Rand Water. - As and when Board members are appointed, a selection panel is put in place by the Minister and assists in identifying suitable members who will address the Board’s requirements in terms of knowledge, skills, experience, diversity and Independence to enable the Board to discharge its governance role and responsibilities objectively and effectively.

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		<p>commitments and whether he/she has sufficient time</p> <ul style="list-style-type: none"> • Investigate and verify potential members backgrounds and qualifications • Disclose potential candidates profile and commitments, as well as governing body's endorsement, with annual general meeting notices • After election of an incoming member, issue a letter of appointment, provide induction and for inexperienced members mentor and training • Obtain ongoing professional development 	

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		<p data-bbox="548 180 873 207">Independence and conflicts</p> <ul data-bbox="604 240 1304 1284" style="list-style-type: none"> <li data-bbox="604 240 1304 331">• Obtain annual (or whenever there is significant change) from each member a declaration of all interests and related parties <li data-bbox="604 337 1304 428">• Obtain declaration from each member prior to any meeting of the governing body or its committees, any conflict of interests and proactively manage them <li data-bbox="604 435 1304 581">• Categorise non-executive members as independent if when judged by a reasonable and informed third-party they would conclude that there are no factors which could cause undue influence or biased decision-making <li data-bbox="604 587 1304 915">• Assess independence of a member with reference to the person being a;- provider of funding or capital (or an employee, officer or a representative of the same); share incentive scheme participant; owner of securities material to the member; employees as an executive in prior 3 years (or key audit team member) in past 3 years; an advisor; governing body member or executive of a signification customer or supplier; governing body member or executive of a related party organization; or entitled to remuneration that is linked to the organization's performance <li data-bbox="604 922 1304 1036">• Assess a member for independence every year after 9 years of serving as a member, and allow continuance as an independent member if the same would be judged by a reasonable and informed party <li data-bbox="604 1042 1304 1284">• Disclose satisfaction with composition of mix of governing body; gender and race targets and progress made; categorization of each director (including more information on directors serving longer than nine years); members' qualifications, experience, age , period of service, other governing body and positions held and reasons for departing members <p data-bbox="548 1317 873 1344">Chair of the governing body</p> <ul data-bbox="604 1382 1304 1437" style="list-style-type: none"> <li data-bbox="604 1382 1304 1437">• Elect an independent member as chair and a lead independent non-executive member 	

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		<ul style="list-style-type: none"> • Document the role, responsibilities and term of the chair and lead independent non-executive member • Not allow the CEO to be the chair, no allow (until after 3 years) a retired CEO to become the chair • Determine with the chair the number of other outside professional appointments that he/she can hold • Generally;- not allow the chair of the remuneration committee or chair of social and ethics committee; allow the chair to be a member of the remuneration committee and social ethics committee; allow the chair to be a member and/or the chair of the risk committee; be a member of nominations committee and may also be its chair • Ensure succession planning for the chair • Disclose whether the chair is considered independent and appointment of a lead non-executive and respective role and responsibilities of the latter 	

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08	Committees of the governing body	<p>“The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and effective discharge of its duties”</p> <p>The recommended practices that the governing body should perform, are summarised as:</p> <p>General</p> <ul style="list-style-type: none"> • Determine delegation to individual members, groups of members, standing or ad-hoc committees • Assume all the responsibilities itself if no delegations are made • Provide and approve formal terms of reference to committees, and record in writing details of delegation to a member or group of members • Ensure that composition, roles and responsibilities of committees are complimentary not, fragment or duplicated and that there is no undue reliance or dominance by any individual member • Ensure that each committee has a minimum of three members and sufficient capability and capacity to function effectively • Allow any member to attend any committee meeting as an observer, and allow management to attend by standing or ad-hoc invitation • Apply its mind to the information and results provided to it by its committees as delegation to a committee does not discharge the governing body of its accountability; • Disclose for every committee its role and responsibilities, composition (with members qualifications and experience), advisors and attendees areas of focus, number of and attendance at meetings, whether it is satisfied that it had fulfilled its responsibilities. 	<p>Applied</p> <ul style="list-style-type: none"> - The Board and its Sub-Committees apply the principles of good governance. There is a clear balance of power to ensure that no individuals have undue decision making powers. - The sub-committees have formal terms of reference which clearly outlines the roles and responsibilities of the Committees - There is a delegation of authority framework in place - The Board comprises of non-executive members appointed by the Minister and only the CE is an executive member of the Board. - The Board through the Nominations Committee considers the composition of the sub-committees. - The sub-committees of the Board have a minimum of three members

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		<p data-bbox="548 180 747 204">Audit Committee</p> <ul style="list-style-type: none"> <li data-bbox="606 245 1299 480">• Must in terms of law establish an audit committee for certain organizations (and should consider establishing one of those that issue audited financial statements) that has as its role to provide independent oversight of the assurance functions and on the integrity of the annual financial statements and other external reports <li data-bbox="606 493 1299 656">• May delegate (in addition to any statutory duties where applicable) other governance responsibilities such as approval of annual financial statements and risk governance (whilst ensuring sufficient time for the latter) but remains accountable <li data-bbox="606 669 1299 802">• Ensure that the audit committee as a whole has the necessary financial literacy, skills and experience, and that all members are independent non-executive members of the governing body <li data-bbox="606 815 1184 839">• Appoint an independent non-executive chair <li data-bbox="606 852 1299 909">• Ensure that the audit committee meets annually with external and internal auditors without management <li data-bbox="606 922 1299 1260">• Disclose (in addition to statutory disclosure requirements) all the above general matters relating to committees plus a statement on the independence and specific particulars thereof for the external auditor; significant annual financial statement matters and how addressed; view on quality of external audit; effectiveness of the design and implementation of internal financial controls...; effectiveness of the CFO and finance function and on combines assurance and effectiveness thereof 	<p data-bbox="1327 180 1415 204">Applied</p> <ul style="list-style-type: none"> <li data-bbox="1327 240 1934 480">- A Group Audit Committee has been established and has formal terms of reference. The matters reserved for the Board decision making and those in the mandate of the Audit Committee are clear. Rand Water being an organ of state is governed by the Water Services Act and the Public Finance Management Act. <li data-bbox="1327 493 1934 602">- Members of the Committee collectively have necessary financial literacy, skills and experience, and that all members are independent non-executive <li data-bbox="1327 615 1934 656">- The Chairperson of the Audit Committee is an independent non-executive <li data-bbox="1327 669 1934 753">- The Audit Committee meets annually with the internal auditors and external auditors in a closed session <li data-bbox="1327 766 1934 823">- Relevant disclosures are made in the Integrated Annual Report

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		<p>Committee responsible for nominations of members of the governing body</p> <ul style="list-style-type: none"> • Consider allocating oversight of nomination, election and appointment process of members, succession planning and performance evaluations to a dedicated or another appropriate committee • Ensure that nominations committee are all non-executive members of the governing body with the majority being independent • Disclose the role and responsibilities, composition (with member's qualifications and experience), advisors and attendees, areas of focus, number of and attendance at meetings, whether it is satisfies that the nomination committee has fulfilled its responsibilities. 	<p>Explained</p> <ul style="list-style-type: none"> - The Board comprises of non-executive members appointed by the Minister of Water and Sanitation and the CE is an executive member of the Board. - The Board through the Nominations Committee considers the composition of the sub-committees, subsidiaries and other entities (Rand Water Medical Scheme and Provident Fund Board of Trustees Employer members)

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		<p>Committee responsible for risk governance</p> <ul style="list-style-type: none"> • Consider allocating oversight of risk governance to a dedicated committee or another appropriate committee • Consider one or more members to have joint membership if the audit and risk committees are separate • Ensure that the risk committee has executive members of the governing body with majority being non-executive • Disclose the role and responsibilities, composition (with members qualifications and experience), advisors and attendees, areas of focus, number of and attendance at meetings, whether it is satisfied that the risk committee has fulfilled its responsibilities. 	<p>Applied</p>
		<p>Committee responsible for remuneration</p> <ul style="list-style-type: none"> • Consider allocating oversight of remuneration governance to a dedicated committee or another appropriate committee • Ensure that the remuneration committee has non-executive members of the governing body with a majority being independent non-executive and the chair being an independent non-executive member • Disclose the role and responsibilities, composition (with members qualification and experience), advisors and attendees, areas of focus, number of and attendance at meetings, whether it is satisfied that the remuneration committee has fulfilled its responsibilities. 	<p>Applied</p>

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		<p>Social and ethics committee</p> <ul style="list-style-type: none"> • Must in terms of law establish a social and ethics committee for certain organizations, and should consider establishing one where not law, to have oversight of and report organizational ethics, corporate citizenship, sustainable development and stakeholder relationships or add this to another appropriate committee • Ensure that the social and ethics responsibilities include any statutory duties plus any other it may be delegated by the governing body • Ensure that the social and ethics committee had executive members of the governing body • Disclose the role and responsibilities, composition (with members qualifications and experience), advisors at attendees, areas of focus, number of and attendance at meetings , whether it is satisfied that the social and ethic committee had fulfilled its responsibilities 	<p>Explained</p> <p>The Board resolved not to establish a social and ethics committee, ethics matters were delegated to the Group Audit Committee, and other functions of the SEC are incorporated within HR&Remco, Rand Water Foundation and even the Group Risk Committee</p>

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09	Evaluation of the performance of the governing body	<p>“The governing body should ensure that the evaluation of its own performance and that of its own committees , its chair and its individual members , support continued improvement in its performance and effectiveness”</p> <p>The recommended practices that the governing body should perform, are summarized as:</p> <ul style="list-style-type: none"> • Assume responsibility for performance evaluation of its, committees, its chair and individual members • Appoint a lead independent director if there is not one to lead the evaluation of the chair • Ensure that every two years externally facilitated performance evaluation (or one not in accordance with the approved methodology of the governing body) is conducted on itself its committees, its chair and individual members; and every alternate year reflect on the performance of itself, its chair and its members as a whole • Disclose a description of the performance evaluations, scope, formality, whether or not externally facilitated, an overview of results and remedial action n, whether it is satisfied that it is l improving its performance and effectiveness 	<p>Applied</p> <ul style="list-style-type: none"> - The Board conducts performance assessment annually to ascertain the effectiveness of the Board, its Committees and the contributions by each individual Board member. - The results of this assessment are discussed with each individual board member and reported to the Board as a whole and subsequently reported to the Shareholder by the Chairperson of the Board. - The results of the previous assessment confirmed that Rand Water had an effective and well-functioning Board.
10	Appointment and delegate to management	<p>“The governing body should ensure delegation to, management contribute to role clarity and effective exercise of authority and responsibilities”</p> <p>The recommended practices governing body should perform, are summarized as:</p> <p>CEO appointment and role</p> <ul style="list-style-type: none"> • Appoint the CEO, who should be responsible to lead strategy implementation, report to the governing body and agree membership of other governing bodies • Satisfy itself on CEO succession planning 	<p>Applied</p> <ul style="list-style-type: none"> - The Board has the delegation of authority which outlines the levels of materiality in relation to the Rand Water business and it has reserved specific powers for its decision making and delegated certain powers to its Committees and the CE. - The CE has also been granted the authority to sub-delegate to Management and throughout the organisation. The Board reviews the delegation of authority annually including as and when required. - The Board is satisfied that Rand Water is appropriately resourced and that its delegation to Management contributes to an effective arrangement by which the authority and

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			responsibilities are exercised.

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		<p>Delegation</p> <ul style="list-style-type: none"> • Reserve certain powers and matters to itself and set those powers and matter to be delegation to management via the CEO • Approve a delegation of authority framework, including specifically authority to appoint ex-officio executive members and management • Oversee that key management functions are led by a competent and appropriately authorized individual and are adequately resourced • Satisfy itself on succession planning for executive management and key positions • Disclose whether it is satisfied with the delegation of authority framework <p>Professional corporate governance services to the governing body</p> <ul style="list-style-type: none"> • Ensure that it has access to professional and independent guidance on legal and corporate governance matters and for the functioning of its committees • Unless mandatory, consider appointing a company secretary/ other appropriate professional • Approve the corporate governance services (and ensure this function has authority) ,appointment of company secretary/ other professional, contract remuneration and necessary qualities • Remove the company secretary/ other professional • Ensure the company secretary/other professional has access to and report to the governing body via the chair for statutory matters and governing body matters and to an appropriate executive on matters • Evaluate annually the performance and independence of the company secretary/ other professional • Disclose the access to professional corporate governance services and the view on effectiveness thereof 	
GOVERNANCE FUNCTIONAL AREAS			

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Governance Outcome: Effective Control <i>“Well governed organisations have appropriate governance structures and process in place to ensure that the organisation is effectively controlled”</i>			
11	Risk governance	<p>“The governing body should govern risk in a way that supports the organization in setting and achieving its strategic objective”</p> <p>The recommended practices that the governing body should perform, are summarized as:</p> <ul style="list-style-type: none"> • Set the approach for risk governance, including opportunities and risks when developing strategy and the potential positive and negative effects of the same risk on the achievement of objectives • Treat risk as integral part of decision- making and adherence to duties, approve risk policy, evaluate and agree the risks it is prepared to take (i.e. risk appetite and risk tolerance levels) • Delegate to management risk management implementation • Oversee the risk management (including assessment of risk and opportunities in relation to the triple context and use of 6 capitals, achievement of objectives dependency on resources as well risk responses continuity and culture of the organization) • Consider receiving periodic, independent assurance on the effectiveness of management • Disclose nature and extent of risks and opportunities , overview of the risk management system; areas of focus; key risks ,unexpected risks; risks taken outside tolerance levels; and action to monitor and address risk management 	<p>Applied</p> <ul style="list-style-type: none"> - The Board is responsible for risk governance at Rand Water and this has been clearly stated in the Board Charter. - The Board continuously monitors and reviews the risk management strategy with assistance from the Group Risk Committee which assists it fulfill this responsibility.
12	Technology and Information Governance	<p>“The governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives”</p> <p>The recommended practices that the governing body should perform, are summarized as;</p> <ul style="list-style-type: none"> • Set the approach and approve the policy for technology and information governance (including adoption of 	<p>Applied</p> <ul style="list-style-type: none"> - The Board has approved the IT governance framework. The responsibility for implementation of IT governance framework was delegated to Management and this is monitored through the IT performance report

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		<p>appropriate framework and standards)</p> <ul style="list-style-type: none"> • Delegate to management effective technology and information implementation • Oversee results of managements implementation (including integration, business resilience, monitoring for responsiveness to cyber security and social media risks, third-party and outsourced service provider risks, value delivered from technology investments and projects, disposal of obsolete technology and information , ethical and responsible use and compliance laws) • Oversee management of information (including use information architecture, protection of privacy and security) • Oversee management of technology (including technology architecture; sourcing risks, development and disruptions) • Consider receiving periodic, independent assurance on the effectiveness of the technology and information, including outsourcing • Disclose overview of governance and management; areas of current and future focus, significant changes, acquisitions, incident management; monitoring and response thereto 	<p>which is presented to the Group Risk Committee and the Board quarterly.</p> <ul style="list-style-type: none"> - All significant IT investments are approved by the Capital investment Committee and the performance of these investments is monitored by the Group Risk Committee and the Board through the IT performance report. The IT financial systems report is also presented to the Group Audit Committee quarterly. - The Group Risk Committee and the Board receives assurance on the effectiveness of the IT internal controls quarterly.

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13	Compliance governance	<p>“The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organization being ethical and a good corporate citizen”</p> <p>The recommended practices that the governing body should perform, are summarized as:</p> <ul style="list-style-type: none"> • Direct the governance of compliance to laws, adopted non-binding rules, codes and standards • Approve policy that directs compliance • Delegate to management the responsibility for implementing compliance management • Oversee compliance management so that it is understood, relates holistically and is responsive to changes and development following continuous monitoring of the regulatory environment • Disclose an overview of compliance management; areas of current and future focus; actions to monitor and address compliance management; material or repeated sanction, fines and penalties on the organization, its officers and / or members environment regulator inspection and incidents of non- compliance and the consequences 	<p>Applied</p> <ul style="list-style-type: none"> - Rand Water has systems in place to ensure compliance with all applicable laws, regulations, codes and standards. - The Board provides a statement of compliance in the integrated annual report confirming that it satisfied itself with the extent of the Rand Water’s compliance to all applicable laws, regulations, codes and standards. - The Group Risk Committee receives regulatory and compliance reports quarterly. - The Board compliance report is also presented to the Group Audit Committee and the Board quarterly.
14	Remuneration governance	<p>“The governing body should ensure that the organization remunerates fairly; responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short, medium and long term.</p> <p>The recommendation practices that the governing body should perform are summarized as:</p> <p>Remuneration policy</p> <ul style="list-style-type: none"> • Set the direction and approach for remuneration if the organization and approve remuneration policy that aspires to fairness, responsibility and transparency; • Design the remuneration policy to attract and retain capital, promote, achievements of strategic objectives, positive outcomes, an ethical culture and responsible corporate citizenship; 	<p>Explained</p> <ul style="list-style-type: none"> - The Board members are remunerated according to the provisions of the policy issued by the Shareholder. The Shareholder advice on the rates to be paid as board fees annually. - The remuneration of Board members and the prescribed officers is disclosed in the remuneration report contained in the integrated annual report.

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		<ul style="list-style-type: none"> • In the remuneration policy, address organizational-wide remuneration and that of executive management such that it is fair and responsible, use appropriate measures and outline voting by shareholders; • In the remuneration policy set out all elements of remuneration; • Oversee implementation of the policy so as to ensure achievement of the policy objectives <p>Remuneration report</p> <ul style="list-style-type: none"> • Disclose the remuneration report in three parts, background statement, main policy provisions and an implementation report of all remuneration to members and executive management; <p>Background statement</p> <ul style="list-style-type: none"> • In the remuneration background statement, provide information on context and decision making factors, results of voting on the policy and implementation and responses thereto, current and future focus areas, key decisions and changes use of remunerations consultants and if the remuneration committee was satisfied with their independence and objectivity, and if they were satisfied as to whether the policy achieved its objectives. 	

	Principle	Outcomes	Implementation of practices and status
		<p>Overview of remuneration policy</p> <ul style="list-style-type: none"> In the remuneration policy, disclose an overview of the main policy provisions, remuneration principles and elements for executive management and at a high level for the organization, executive termination arrangements, the framework and performance measures including an illustration thereof, how the policy address fairness between executive pay and employee pay, benchmarks, basis for non-executive member fees and an electronic link to the policy for public access. <p>Implementation report</p> <ul style="list-style-type: none"> In the implementation report disclose the remuneration of each executive member including vested and unvested award details, performance measures, targets and achievement thereto, termination payments and a statement on compliance to or deviation from the remuneration policy. <p>Voting on remuneration</p> <ul style="list-style-type: none"> For companies, comply with the Companies Act provisions relating to shareholder special resolution approval every two years for non-executive members; For companies table annually the remuneration policy and implementation report at the AGM, and record voting results For companies take measures to address dissenting votes where are 25% or more against the policy and/or the implementation report For companies disclose in the background statement, actions to engage with and address concerns in the event of 25% or more dissenting vote. 	

	Principle	Outcomes	Implementation of practices and status
15	Assurance	<p>“The governing body should 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 organization’s external reports”</p> <p>The recommendation practices that the governing body should perform are summarized as follows:</p> <p>Combined assurance</p> <ul style="list-style-type: none"> • Direct assurance services and functions and delegate to the audit committee oversight to ensure an effective internal control environment, integrity of information for management decision making and external reporting; • Ensure a combined assurance model is applied that covers the significant risks and material matters through a combination of the organization’s line functions, risk and compliance functions, internal auditors, fraud examiners, safety assessors, actuaries, external auditors other assurance providers and regulatory inspectors; • With its committees, assess output of the combined assurance and form their own opinion on integrity of information and reports and effectiveness of the control environment; <p>Assurance of external reports</p> <ul style="list-style-type: none"> • Direct how assurance of external reports should be done taking account of legal requirements as well as whether assurance is provided over the underlying data or the process of preparing and reporting or both, suitability of the assurance, specifications for evaluating the contents of the report; • Satisfy itself as to effectiveness of the combined assurance approach as a basis for making its statements on the integrity of external reports; • Disclose in external reports the type of assurance applied including nature, scope and extent of 	<ul style="list-style-type: none"> - The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. - This responsibility is contained in the Rand Water Board Charter and the terms of reference of the Group Audit Committee.

	Principle	Outcomes	Implementation of practices and status
		assurance on the report, and a statement on the integrity of the report and basis for the statement.	

	Principle	Outcomes	Implementation of practices and status
		<p>Internal audit</p> <ul style="list-style-type: none"> • Direct internal audit and delegate oversight to the audit committee • Approve an internal audit charter and ensure internal audit has sufficient and adequate skill, including supplementary specialists • If there is a CAE and internal audit function ensure that it is independent of management • Approve the appointment, contract and remuneration of the CAE whilst ensuring that he/she is suitable capable • Ensure the CAE has access to the audit committee chair, but that the CAE is not a member of the executive • Ensure that if internal audit is outsourced that there is clarity on is the CAE • Ensure that the CAE report to the chair of audit committee on internal audit duties and on other matter to a designated executive • Monitor that internal audit follows a risk-based plan; reviews the risk profile regularly and adapts the accordingly • Ensure internal audit makes an annual statement on the effectiveness of the governance, risk management and controls • Ensure that internal audit is externally and independently reviewed every 5years • Confirm annually with the CAE that the internal audit function conforms to code of ethics 	-

	Principle	Outcomes	Implementation of practices and status
STAKEHOLDERS			
Governance Outcome: Legitimacy <i>“Well governed organisations attempt to balance the legitimate be expectations of its stakeholders by adopting a stakeholder-inclusive approach to governance. This builds trust, legitimacy and a good reputation”</i>			
16	Stakeholders	<p>“In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder- inclusive approach that balance the needs, interests and expectation of material stakeholders in the best interests of the organization over time”</p> <p>The recommended practices that the governing body should perform, are summarized as:</p> <p>Stakeholders relationships</p> <ul style="list-style-type: none"> • Direct the stakeholder approach and approve policies to this effect • Delegate to management effective stakeholder relationship management • Oversee the management of stakeholder relationship including metrology for identification, material stakeholders, management for engagement and communication n, and measurement of quality engagement • Disclose an overview of stakeholder management , current and future focus areas and action taken to monitor and address stakeholder engagement effectiveness <p>Shareholder relationship</p> <ul style="list-style-type: none"> • In the case of a company that has shareholder, oversee that there is encouragements of proactive shareholder engagements • In the case of a company; ensure that all direction are available at the AGM, that the external audit partner is at the AGM and that the minutes of the AGM of listed companies are made publically available 	<p>Applied</p> <ul style="list-style-type: none"> - The Board considers the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company in order to drive a sustainable and long term value strategy for Rand Water. - Rand Water has fostered and strengthened its relationships with various stakeholders it interacts with. - The Board ensures that responsible investment is practiced in the organisation. - Environmental, social and governance factors in investment decision-making and practice affect the value of an investment and these are considered essential by the Board for responsible investments to promote good governance and creation of value by the companies in which it invests.

	Principle	Outcomes	Implementation of practices and status
		<p>Relationship within a group of companies</p> <ul style="list-style-type: none"> • In the case of a holding company, direct the group relationships and power and approve a group governance framework that does not contain any conflicts • In the case of a holding company, include the subsidiary company board are included in developing the group governance framework and ensure that there is recognition of the subsidiary as a separate person to whom the subsidiary board owes fiduciary duties • In the case of a holding company, ensure that the group governance framework includes, role of the holding company, where appropriate delegation of certain matters of a subsidiary to the holding company, extent of adoption of holding company policies by the subsidiary, prior engagement with the subsidiary company before appointing direction, arrangements it reduce risk of a director who has a cross- holding misusing information between companies • In the case of a holding company ensure that the agreed governance framework is implemented across the group • In the case of a holding company disclose the governance arrangement • In the case of a subsidiary company, disclose responsibilities delegated to holding company committee and extent of company policies adopted 	

	Principle	Outcomes	Implementation of practices and status
RESPONSIBILITIES OF INSTITUTIONAL INVESTORS			
17	Responsibilities of Institutional Investors	<p>“ The governing body of an institutional investor organization should ensure that responsible investment is practiced by the good governance and the creation of value by the companies in which it invests”</p> <p>The recommended practices that the governing body should perform, are summarized as:</p> <ul style="list-style-type: none"> • In the case of an institutional investor, direct how responsible investing will take place ,approve policy for responsible investing • In the case of an institutional investor delegate to management and/or outsource manager the implementation for responsible investing policy • In the case of an institutional investor, oversee that the formal outsourcing mandate incorporates the responsible investment policy • In the case of an institutional investor, ensure accountability for complying with the formal mandate • In the case of an institutional investor, disclose the responsible investment code adopted and its application thereof 	

Sector Supplements: State-owned entities

	Principles		Implementation of practices and status
01	“The accounting authority should lead ethically and effectively”	Section 195 of the Constitution – public administration must be governed by the democratic values and principles enshrined in the Constitution	Applied
02	“The accounting authority should govern the ethics of the SOE in a way that supports the establishment of an ethical culture”	The NPO should discharge its duties and responsibilities in accordance with Principle 2 of King IV	

	Principles		Implementation of practices and status
03	“The accounting authority should ensure that the SOE is and is seen to be a responsible corporate citizen”	The NPO should discharge its duties and responsibilities in accordance with Principle 3 of King IV	
04	“The accounting authority should appreciate that the SOE’s core purpose, it’s risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of value creation”	<p>The NPO should discharge its duties and responsibilities in accordance with Principle 4 of King IV, in addition:</p> <ul style="list-style-type: none"> - The accounting authority should actively seek common understanding between the entity and the executive authority to how to reconcile competing objectives so that a strategic plan for the SOE can be developed within these confines - SOE’s must balance their priorities so as to fulfill their mandate and remain financially sustainable - Setting and agreeing on key performance indicators and targets in writing between the accounting authority and the executive authority 	<p>Applied</p> <p>Rand Water constantly engages the DWS in respect of the shareholder compact and key performance indicators</p> <p>Shareholder compact is entered into on an annual basis including the corporate KPI set</p>
05	“The accounting authority should ensure that reports issued by the SOE enable stakeholders to make informed assessments of the SOE’s performance and it’s short, medium and long-term prospects”	<ul style="list-style-type: none"> - SOE’s should communicate meaningfully with its stakeholders including the executive authority 	Applied
06	“The accounting authority should serve as the focal point and custodian of corporate governance in the SOE”	<ul style="list-style-type: none"> - Setting the strategic direction - Approving policies and planning that gives effect to the direction provided - Overseeing and monitoring of implementation and execution by management ensuring accountability for the performance of the organisation 	Applied

	Principles		Implementation of practices and status
		through reporting and disclosure	
07	“The accounting authority should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively”	Appointment of members	Explained Members of the Board are appointed by the Minister of Water and Sanitation. Process as set out in the Water Services Act
08	“The accounting authority should ensure that arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.”	Establishment of Sub-committees and delegation	Applied – These are captured in the DoA as well as the formal terms of reference
09	“The accounting authority should ensure that the evaluation of its own performance and that of its committees, its chair and individual members, support continued improvement in its performance and effectiveness”	The SOE should discharge its duties and responsibilities in accordance with Principle 9 of King IV	Applied
10	“The accounting authority should ensure that the appointment of and delegation to management contribute to role clarity and the effective exercise of authority and responsibility”	Delegation of Authority	Applied – a delegation of authority framework is in place
11	“The accounting authority should govern risk in a way that supports the SOE in setting and achieving its strategic objectives”	Governance of Risk	Applied – Group Risk Committee established to oversee risk related matters and reports to the board in that regard
12	“The accounting authority should govern technology and information in a way that supports the SOE setting and achieving its strategic objectives”	IT Governance	Applied
13	“the accounting authority should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the SOE being ethical and a good corporate citizen”	Compliance	Applied - Rand Water Compliance Function looks at operational compliance and the Group Company Secretary looks at Board compliance.
14	“the accounting authority should ensure that the SOE remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term”	Remuneration	Explained The remuneration of members is governed by the DWS policy on remuneration of members of entities reporting to the Minister of Water

	Principles		Implementation of practices and status
			and Sanitation as well as the Policy on the remuneration of CE's and subsidiaries.
15	"the accounting authority should 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 SOE's external reports"	Assurance Providers	Applied
16	"in the execution of its governance roles and responsibilities, the accounting authority should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the SOE over time."	Stakeholder relations	Applied – Policy and strategy in place

Sector Supplements: NPO

	Principles		Implementation of practices and status
01	"The governing body should lead ethically and effectively"	<ul style="list-style-type: none"> - Acting with integrity, competence, responsibility, accountability, fairness and transparency - Avoidance of conflict of interest 	Applied
02	"The governing body should govern the ethics of the ORGANISATION in a way that supports the establishment of an ethical culture"	The NPO should discharge its duties and responsibilities in accordance with Principle 2 of King IV	Applied The approved code of ethics, related guidelines and ethics management programmes as adopted by the Shareholder (Rand Water) applies to all subsidiaries.
03	"The governing body should ensure that the ORGANISATION is and is seen to be a responsible corporate citizen"	<ul style="list-style-type: none"> - Act as a collective voice and holding others responsible - The NPO should discharge its duties and responsibilities in accordance with Principle 3 of King IV 	Applied Rand Water Foundation is the corporate social investment vehicle of Rand Water, a shareholder compact and subsidiary governance framework governs the relationship of the NPO with the Shareholder

	Principles		Implementation of practices and status
04	“The governing body should appreciate that the ORGANISATION’s core purpose, it’s risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of value creation”	<ul style="list-style-type: none"> - The governing body of an NPO should balance its priorities to remain financially viable and deliver on environmental or social objectives - Understanding the strategy and business model as part of the value creation process - Ensure that programmes meet the needs of the communities - Establishing a reliable and sustainable support base in order to fulfill its work - Implementing procedures to ensure careful and accountable handling of the organisations resources and programmes - The NPO should discharge its duties and responsibilities in accordance with Principle 4 of King IV 	Applied The RWF Board considers detailed project plans encompassing these elements and project close out reports are required for every concluded project
05	“The governing body should ensure that reports issued by the ORGANISATION enable stakeholders to make informed assessments of the ORGANISATION’s performance and it’s short, medium and long-term prospects”	<ul style="list-style-type: none"> - NPO’s should communicate meaningfully with its stakeholders 	Applied RWF sustainability report
06	“The governing body should serve as the focal point and custodian of corporate governance in the ORGANISATION”	<ul style="list-style-type: none"> - Setting the strategic direction - Approving policies and planning that gives effect to the direction provided - Overseeing and monitoring of implementation and execution by management ensuring accountability for the performance of the organisation through reporting and disclosure 	Applied
07	“The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively”	Appointment of members	Explained Members of the RWF Board are appointed by the Board of Rand Water as the shareholder

	Principles		Implementation of practices and status
08	“The governing body should ensure that arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.”	Establishment of Sub-committees	Applied The RWF has established a Projects Committee
09	“The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and individual members, support continued improvement in its performance and effectiveness”	The NPO should discharge its duties and responsibilities in accordance with Principle 9 of King IV	Applied Conducted on an annual basis
10	“The governing body should ensure that the appointment of and delegation to management contribute to role clarity and the effective exercise of authority and responsibility”	Delegation of Authority	Applied
11	“The governing body should govern risk in a way that supports the ORGANISATION in setting and achieving its strategic objectives”		Applied
12	“The governing body should govern technology and information in a way that supports the ORGANISATION setting and achieving its strategic objectives”		Applied Shared services model, Rand Water IT function
13	“the governing body should 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”		Applied Shared services model, Rand Water Compliance Function looks at operational compliance and the Group Company Secretary looks at Board compliance.
14	“the governing body should 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”		Applied
15	“the governing body should 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”		Applied

	Principles		Implementation of practices and status
16	“in the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the ORGANISATION over time.”		Applied