



**uMngeni-uThukela Water Issuer Disclosure
for JSE listed debt programmes
17 July 2025**

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DESCRIPTION OF THE ISSUER

1. BACKGROUND AND HISTORY

1.1. uMngeni-uThukela Water (the “**Issuer**”), previously known as Umgeni Water, is a state-owned entity (SOE) and a water board that was established in 1974 and effectively from the 1st of July 2023, operates under its current name after the incorporation of Mhlathuze Water into Umgeni Water. The entity provides water and related services to other water services institutions and other customers in its gazetted service area of the Province of KwaZulu-Natal. The entity operates in accordance with the Water Services Act (Act 108 of 1997) and the Public Finance Management Act (Act 1 of 1999), amongst others, and is categorised as a National Government Business Enterprise.

1.2. The Issuer reports directly to the Department of Water and Sanitation (DWS), through the Board (Governing authority) and through its functionaries, the Chairperson of the Board and the Chief Executive. The Minister of Water and Sanitation is the Executive Authority for Water Boards.

1.3. Registered offices and contact details:

1.3.1. The Issuer

310 Burger Street

Pietermaritzburg

3201

Contact: Manager – Treasury and Financial Planning

Email: Kajal.Singh@uuw.co.za

1.3.2. The Auditor

Auditor-General South Africa

Private Bag X9034

Pietermaritzburg

3200

South Africa

Tel: 0875778678

1.3.3. The Debt Sponsor

Nedbank Limited (Registration number 1951/000009/06)
 135 Rivonia Road
 Sandown
 2196
 South Africa
 Contact: DebtSponsor@Nedbank.co.za
 Tel: 010 234 8653

1.3.4. Arrangers

Nedbank Limited (Registration number 1951/000009/06)
 135 Rivonia Road
 Sandown
 2196
 South Africa
 Contact: Head – DCM Debt Origination
 Tel: 011 294 4481

- 1.4. The Issuer complies with the provisions of its establishing legislation, and at all times complies in all material aspects with, and is acting in conformity with its constitutional documents.
- 1.5. The primary activities of the Issuer, as pronounced in section 29 of the Water Services Act, is to provide water services (water supply and sanitation services) to other water services institutions in its service area.
- 1.6. In terms of section 30 of the Water Services Act, the Issuer engages in other activities that complement bulk water service provision such as providing laboratory services, water quality monitoring and environmental management services and the Issuer acts as an implementing agent for government in respect of projects related to water service delivery.
- 1.7. The Issuer has signed Bulk Supply Agreements with all of the eight Water Service Authorities it currently supplies, namely eThekweni Metropolitan Municipality, iLembe District Municipality, Ugu District Municipality, uMgungundlovu District Municipality, Harry Gwala District Municipality, Msunduzi Local Municipality, King Cetshwayo District Municipality and City of Umhlathuze Municipality. The organisation further provides raw water to Mondi Paper, Richards Bay Minerals (RBM), Hulamin, Mpact, Foskor, Tronox, South 32, Richards Bay Titanium and Wilmar. The organisation also has a supply agreement for potable water with a private water services provider, Siza Water.

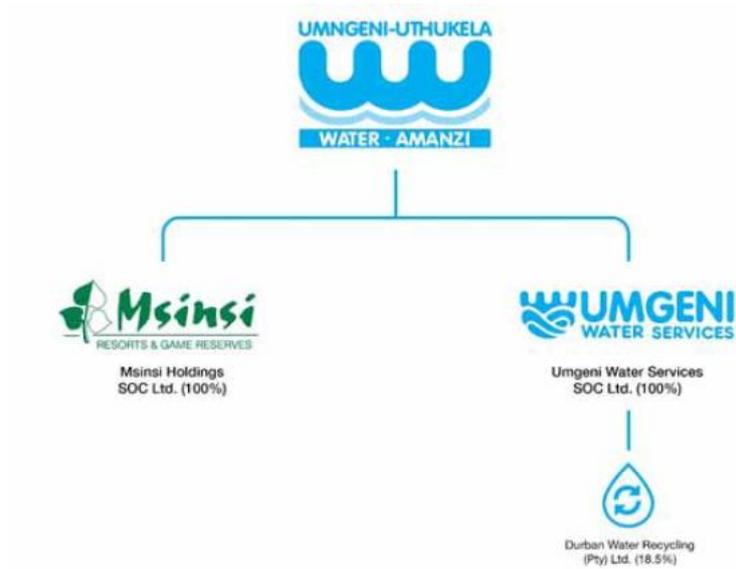
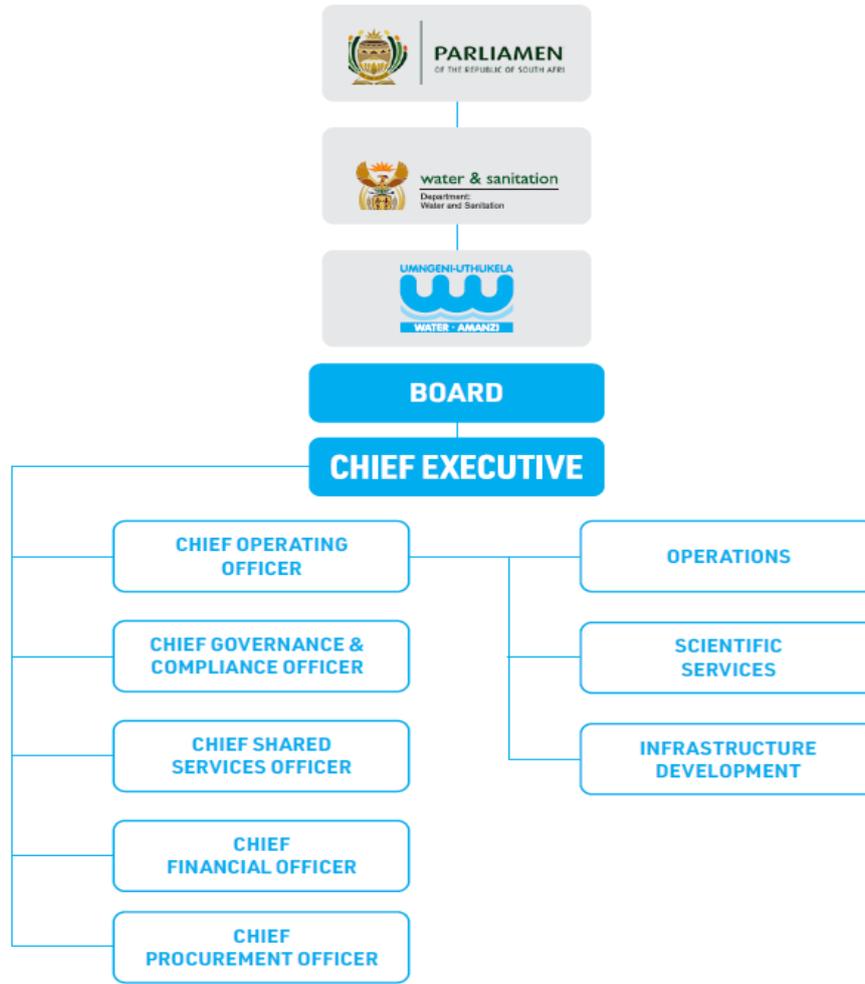
- 1.8. The Issuer's infrastructure assets in support of its bulk water services business comprise of:
- 1.8.1. Approximately 1094 (one thousand and ninety four) kilometres of water pipelines, approximately 67 (sixty seven) kilometres of wastewater pipelines and fifty-three (53) kilometres of tunnels;
 - 1.8.2. Seventeen (17) storage dams operated;
 - 1.8.3. Fifty-two (52) water treatment works; and
 - 1.8.4. Twenty-three (23) wastewater treatment works.
- 1.9. The contact person for the Issuer is Manager: Treasury and Financial Planning, Contact details are as follows:

Address: 310 Burger Street
Pietermaritzburg
South Africa
3201

Tel: 03 341 1505

Email: kajal.singh@uuw.co.za

2. OWNERSHIP, CONTROL AND PARTICIPATION IN COMPANIES



3. REVIEW OF OPERATIONS/DESCRIPTION OF BUSINESS

- 3.1. As at the date of this Issuer Disclosure Document, the Issuer employs a staff of 1412 (one thousand four hundred and twelve) including engineers, scientists, accountants, other specialists and administrative personnel. The chief executive, as the accounting officer, guides the day-to-day activities of the organisation. Other than the Chief Executive, there are four other Chiefs being the Chief Finance Officer, Chief: Shared services; Chief: Governance and Compliance and Chief Operating officer, three executives reporting to the Chief Operating officer and thirty one senior managers who also contribute to the day-to-day management of the organisation. The non-executive board members are appointed by the Minister of Water and Sanitation, and the board is the governing authority of the Issuer (the “**Board**”).
- 3.2. As a state-owned business enterprise, the Issuer reports directly to the executive authority, the Minister of Water and Sanitation and it operates within the framework of the Water Services Act, the National Water Act of 1998, the PFMA and the Public Audit Act, 2004.

4. FINANCIAL HIGHLIGHTS: 2024

- 4.1. On the 1st of July 2024, former Umgeni Water acquired the assets, liabilities and equity of former Mhlathuze Water. With added operations and customer base, the acquisition ought to have increased the financial position and performance of the Issuer. The Issuer therefore demonstrated business continuity in financial review for the year ended 30 June 2024.
- 4.2. Operations were stable in comparison to the prior financial years. Credit risk management continued to be a key strategic risk as many customers have indicated financial distress and are behind on payments for bulk water services provided.
- 4.3. The credit ratings achieved during the financial year were the desired outcome of the objective. The group surplus for the year ended 30 June 2024 increased by 28% to R1 468m (2023: R1 148m). Gross profit increased by 23% from R3 043m to R3 743m.
- 4.4. The highlight in terms of financial performance is the R1.6 billion increase in revenue. Total assets improved by 23% which was mainly driven by the increases in investments on hand and additions from assets taken on from former Mhlathuze Water. The Property, plant & equipment increased by 30% equivalent to R2.9 billion for the group.

5. OPERATING PERFORMANCE

	2024	2023	Change
	R'000	R'000	%
Revenue	6 896	5 253	31
Cost of sales	(3 153)	(2 210)	43
Gross profit	3 743	3 043	23
<i>GP%</i>	<i>54%</i>	<i>58%</i>	-
Other Income	15	190	(92)
Other operating and administration expenses	(2 549)	2 061	22
Expected credit losses	(531)	(580)	8
Profit from operations	679	592	16
Net finance income	785	554	42
Share of profit from associate	4	3	57
Profit before tax	1 468	1 149	27

- 5.1. The Issuer's operating profits have increased by 15% to R679m (2023: R592m). Bulk Water revenue increased by 19% with increased revenue from the volume increase and average bulk water tariff increase of 6%. Inclusion of Richards Bay increased the revenue by R538m (11%) to the overall R1.02bn (21%) movement against last year.
- 5.2. Other operating and administrative expenses increased by 24%.
- 5.3. The main cost drivers for direct operating costs are chemicals, energy, maintenance, raw water and staff costs.
- 5.4. Chemicals increased by R71m (49%) against the prior year, which was driven mainly by the average price increase of 8% with Chlorine, Bentonite & Lime prices. Overall average price increase is also impacted by the usage mix. Usage increase of all chemicals is leading to the overall increase of 21% with coagulants and bentonite being the highest. R16m incurred for bioremediation at the eThekweni wastewater plants also increasing the costs this year.
- 5.5. Energy increase over the prior year amounts to R128m (33%) as a result of the increase in tariff, with the average tariff increase of 16%. Lower usage at the Shaft pumps for Durban Heights has decreased this year with additional volumes coming from Nagle dam which is gravity fed.
- 5.6. Maintenance expenditure increase over the prior year amounts to R225m (60%), resulting from higher external maintenance costs, internal maintenance recoveries for spares and other external costs together with increased labour recoveries. Expenditure on renewals with refurbishment of the Pinetown pump station (R13m) and iMvutshane dam wall costs of R43m as well as costs expensed relating to the Nagle Aqueduct project of R16m.

- 5.7. Total raw & portable water cost increased by R66m (16%) compared to last year. Raw Water increased over prior year with the volumes increase of 8% for Mgeni system and 11% for Hazelmere. Mgeni system tariff increase of 11%, Lower Thukela of 12% and Hazelmere with 8% also contributed to higher costs this year.
- 5.8. Staff costs increase over the prior year of R93m (25%) is driven by ST Bonus provision, overtime, standard pay and other pay related increases. Short term provision increased with top-up of prior year provision following conclusion of performance assessment and increased provision for 2024 based on the revised performance management policy.
- 5.9. Operating cash flows totalled R2 342m (2023: R1 864m). The 25% increase is primarily due to the increase in cash from operations before the working capital changes.

6. **MANAGEMENT STRATEGY (Five year Corporate/Business Plan)**

6.1. Strategic Highlights of the Business Plan

- 6.1.1. The Issuer, which was established by joining the erstwhile Umgeni Water and Mhlathuze Water, stands ready to tackle this task head-on. Amongst the many reasons for the Minister to rationalise water boards was the wish to extend water and sanitation services to areas that are currently underserved to expand coverage so that more communities have access to clean and safe water, contributing to improved public health and well-being. The combined experience of over 50 years in water services gives confidence that the Issuer, working with municipalities as Water Service Authorities, will be able to overcome the infrastructure and skills challenges that usually stand as an impediment to sustainable bulk water provision in the Province of KwaZulu-Natal. It is for this reason that one of the most immediate goals for the Issuer is to cultivate mutually beneficial and long lasting partnerships with all stakeholders in the water value chain.
- 6.1.2. The Issuer is committed to supporting any reform in the sector that will ensure that the right to water for the people of the Province is protected. To this end, the Board has prioritised the Reduction of Non-Revenue Water; Stakeholder Management; and Internal capabilities, capacity and readiness to support customers, towards improving the Drops status across the Province or KwaZulu-Natal as its new service area, as gazetted by the Minister. This five-year Corporate Plan complies with the prescribed requirements and guidelines of the Department of Water and Sanitation. The inputs, activities and outputs targeted

in the corporate plan will enable sustained focus in the progressive pursuit of the following outcomes:

- 6.1.2.1. Product (Bulk Water and Wastewater) Quality
- 6.1.2.2. Customer Satisfaction
- 6.1.2.3. Stakeholder Understanding and Support
- 6.1.2.4. Financial Viability
- 6.1.2.5. Operational Optimisation
- 6.1.2.6. Employee and Leadership Development
- 6.1.2.7. Enterprise Resiliency
- 6.1.2.8. Infrastructure Strategy and Performance
- 6.1.2.9. Community Sustainability
- 6.1.2.10. Water Resources Adequacy

7. **RISK MANAGEMENT**

Risk management conducted by the Issuer is guided by its Integrated Risk Management Framework, which is aligned to strategy, thereby ensuring a focused and directed process of Risk Management in the entity. The risk appetite and tolerance framework is reviewed and approved on an annual basis.

7.1. Risk Profile and Management

- 7.1.1. The Board, assisted by the Audit, Finance & Risk committee, is ultimately accountable for risk management. The aim of integrated risk management is to ensure that in all the Issuer's activities and opportunities are maximised and adversity minimised through adequate management of multidisciplinary risks. In recognition of the fact that uncertainty could affect, positively or negatively, the organisation's ability to achieve its strategic and business objectives, the Issuer has developed and maintains policies and procedures to provide a systematic view of the risks faced in the course of its operations, business and administration activities, and institutes effective control mechanisms to mitigate the impacts of risk, to ensure organisational sustainability. Through interactive risk assessment the Issuer has identified and rated nine strategic risks. A priority scale guides both the risk tolerance and the risk appetite of the Issuer.

7.1.2. Divisional and operational risk assessments are undertaken, identifying risks which limit divisions in achieving strategic objectives, and subsequently mitigations are implemented to manage these risks. Results of risk assessments and mitigations implemented are monitored by the corporate risk management committee and reported to the Board via the Audit, Finance & Risk committee.

7.1.3. In order to direct the Issuer's disaster risk management efforts in alignment with the provisions of the South African Disaster Management Act, 2002, the Issuer has formulated a multidisciplinary framework. The organisation currently has implementation guidelines and plans for high river levels and dam break disaster scenarios, as well as engagement protocols for water quality emergencies.

7.2. Fraud Prevention

7.2.1. Whilst fraud prevention focuses its attention on mitigation measures to combat fraud as required by Treasury Regulations issued in terms of the Public Finance Management Act No 1 of 1999, the Issuer has extended the scope of fraud prevention to ethics as the overarching framework on the basis that fraud, by its nature, arises out of unethical behaviour. This will ensure that there is a common understanding of best practice approaches whereby ethics management is dealt with in a structured manner within the organisation.

7.2.2. The Issuer addresses fraud through an Integrated Ethics Management Framework, which ensures that fraud risk exposure continues to be assessed periodically by the organisation to identify specific potential schemes, and events that the organisation needs to mitigate. The Fraud Prevention Plan supports the Integrated Ethics Management Framework and includes prevention techniques to avoid potential key fraud risk events where feasible, to mitigate possible impacts on the organisation. By developing and implementing ethics policies and anti-fraud policies across the organisation, as well as at the operational level, through introduction of controls and procedures, it ensures the organisation is not potentially exposed to fraud risks.

7.2.3. The Board is committed to sound governance practices and also committed to manage fraud risks by ensuring that written policies and procedures are in place to manage fraud risks. The Code of Ethical Conduct sets out an organization's ethical guidelines and best practices to follow for honesty, integrity, and professionalism.

7.2.4. The Audit, Finance and Risk Committee was appointed in terms of King Code IV and is mandated to achieve the highest level of financial management, accounting and reporting to the shareholder. The Audit Committee guided by its

charter, sets out its responsibilities regarding risk management and specifically has oversight of financial reporting risks and internal financial controls as well as fraud and IT risks as they relate to financial reporting.

- 7.2.5. The Social and Ethics Committee: -The Board acknowledges its responsibility to ensure that the Issuer is a fair, transparent and ethical organisation and has therefore through its Social and Ethics committee effectively manage fraud risk. This committee is chaired by an independent chairperson. It meets quarterly to ensure there are no unethical issues in the operations of business.

7.3. Fraud Detection and Investigation – Anonymous Hotline Facility

- 7.3.1. Detection techniques in the form of a Whistleblower Hotline is in place to uncover fraud events when preventive measures fail or unmitigated risks are realised. The Whistle Blower hotline service, managed by an external service provider and is available to all staff members and other stakeholders, including suppliers. This provides an accessible mechanism for all suspicions of fraud or otherwise unethical behaviour to be reported.

- 7.3.2. All calls are investigated and appropriately followed through with the assistance of a developed fraud protocol procedure. Information is further used to improve internal controls to better manage fraud risk. Fraud prevention is embedded in internal controls which are part of the organisation's policies and procedures and includes elements of the following in its Fraud Prevention Plan:

- 7.3.2.1. Ethics Risk Assessment (including fraud risk)
- 7.3.2.2. Fraud Awareness
- 7.3.2.3. Code of Ethics
- 7.3.2.4. Disclosure of interests
- 7.3.2.5. Combating abuse of supply chain management system
- 7.3.2.6. Consultants / Service Providers / Suppliers Awareness
- 7.3.2.7. Delegation of authority limits
- 7.3.2.8. Performing background investigations proper recruitment vetting and checks
- 7.3.2.9. Physical security
- 7.3.2.10. Information security

7.3.2.11. Safeguarding of Organisational Records

7.3.2.12. Performance management systems

7.3.2.13. Conducting Exit Interviews

7.3.2.14. Proactive Fraud auditing

7.3.2.15. Communication with the Media

7.3.3. The combination of effective fraud risk governance, a thorough fraud risk assessment, strong fraud prevention and detection (including specific anti-fraud control processes), as well as coordinated and timely investigations and corrective actions, will significantly mitigate fraud risks in the organisation.

7.4. Audit and Controls

7.4.1. The Board is responsible for the maintenance of effective and efficient systems of internal control. The internal control systems are designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. Principal features of the organisation's internal finance controls provides for:

7.4.1.1. a system of financial planning, budgeting and reporting which allows continuous monitoring of performance;

7.4.1.2. a materiality and significance framework;

7.4.1.3. clearly-defined delegations of authority;

7.4.1.4. the tariff model which determines the financial impact of CAPEX and the bulk water tariff on the Issuer's debt profile; and

7.4.1.5. established policies and procedures.

7.4.2. To assist the Board in the discharge of its responsibilities, internal audit undertakes an independent assessment of the internal control systems and business risks and reports to the Board through the Audit, Finance and Risk Committee.

7.4.3. The audit plan covers major financial and commercial risks and responds to any changes emanating from the Issuer's integrated risk management process.

7.4.4. The external auditors are responsible for independently auditing and reporting on the financial statements in accordance with the International Financial Reporting Standards.

7.5. Risk factors and risk management regarding the Issuer

7.5.1. Integrated risk management is one of the drivers used to manage sustainability issues at the Issuer, as every risk management category broadly encompasses elements of sustainability. The Board is ultimately accountable for integrated risk management and the organisation commits to managing risk to ensure organisational sustainability.

7.5.2. The Issuer defines risk as all sources of uncertainty that could affect, positively or negatively, the organisation's ability to achieve its strategic and business objectives. The management of risks employed by the organisation is based on a multidisciplinary approach. This approach enables employees to better understand the nature of risk, and manage it systematically to ensure that, while all The Issuer activities and opportunities are maximized, adversity is minimized.

7.5.3. The integrated risk management framework comprises four related elements:

7.5.3.1. development of risk profiles at all levels within the organisation;

7.5.3.2. integration of risk profiles and adoption of suitable mitigation measures through systematic procedures;

7.5.3.3. measurement of responses to risks identified; and

7.5.3.4. monitoring of risks for continuous improvement.

7.5.4. The status of strategic and operational risks are reported on and monitored by members of the corporate risk management committee, comprising the executive, senior managers from all divisions and the divisional risk champions, on a quarterly basis. The status of strategic risks is reported and monitored quarterly by the audit committee, which then reports to the Board. The Board and the audit committee undertake a strategic risk assessment and review on an annual basis.

7.5.5. The Issuer has an integrated risk management model approved by the Board. The model is implemented at a strategic, divisional and departmental level. The Issuer has identified seven strategic risks and strives to mitigate them on an ongoing basis.

8. THE ISSUER MANAGEMENT STRUCTURE

8.1. The Issuer has a three-tiered management structure

- 8.1.1. the Board;
- 8.1.2. the C-Suite and executive management; and
- 8.1.3. the senior managers.

8.2. The Board and Debt Officer

8.2.1. The Board is the official governing authority as per the PFMA. In terms of the Water Services Act, the Minister of Water and Sanitation appoints the Board of Directors which includes the chief executive. The term of office of a non-executive director is determined by the Minister of Water and Sanitation and is for a period not exceeding four years. Non-executive directors may be re-appointed for a period not exceeding three consecutive terms of office. The independence of the Board is maintained by adhering to certain key principles:

- 8.2.1.1. limiting the number of hours per month that a Board member and chairperson work on the business of the Issuer to 40 and 50 hours respectively;
- 8.2.1.2. keeping separate the positions of chairperson and chief executive;
- 8.2.1.3. having an independent non-executive member of the Board as Chairperson; and
- 8.2.1.4. having all Board committees chaired by independent non-executive members.

8.2.2. The Chairperson is responsible for the overall leadership of the Board and is also the primary linkage between the Board, the executive authority and the chief executive.

8.2.3. The thirteen members of the Board guide the executive management team on strategic policy issues, and the sub-committees of the Board meet regularly and provide guidance to the Board.

8.3. The current composition of the Board:

8.3.1. Adv. Sibusiso Bethuel Khuzwayo SC A.K.A. Vusi

8.3.1.1. Full names: **Sibusiso Bethuel Khuzwayo**

8.3.1.2. Occupation and/or function: **Appointed as the Chairperson and Non-Executive Board Member on 01 October 2023.**

8.3.1.3. Qualifications and experience

B. Proc, LLB, Admitted Advocate, Appointed Senior Counsel, having more than 31 years practical experience in law, admitted to practice in RSA and Lesotho. Currently practising from the Durban Chambers. He is currently serving as the chairman of the Integrated Forensic Accounting Services (Pty) Ltd, erstwhile chairman of KZN Gaming and Betting Board. He is currently the sole member of QCK Lezmin 4650 cc, with interest in property portfolio.

8.3.1.4. Professional Registrations and/or Positions held on other Boards

Chair of KZN Gaming and Betting, Board of Inquiry into allegations of Misconduct, Chair of the Disciplinary Inquiry, Institute of Directors South Africa (IoDSA)

List of current directorships:

#	Company Name	Company registration number	Director Type	Appointment Date
1	DKS FENCING PRODUCTS	2003/060722/23	Member	2003-07-21
2	ELAN DEVELOPMENTS SA	2000/028185/07	Director	2007-11-16
3	EXPRESS MODULAR SOLUTIONS	2002/001730/23	Member	2013-10-31
4	INTEGRATED FORENSIC ACCOUNTING SERVICES	2006/036818/07	Director	2012-01-24
5	INTEGRATED FORENSICS HOLDINGS	2018/278238/07	Director	2018-05-07
6	QCK LEZMIN 4650	2022/872856/07	Director	2022-12-08
7	QCK LEZMIN 4650	2010/053957/23	Member	2012-03-13
8	RAVEN PLASTICS	2008/107629/23	Member	2008-05-20

#	Company Name	Company registration number	Director Type	Appointment Date
9	RBS METAL PRESSINGS	2000/034037/23	Member	2000-10-10
10	REST AND RECUPERATION RETREATS - RL36	2005/003685/07	Director	2005-04-01
11	SUMMER SEASON TRADING 122	2006/017668/07	Director	2006-06-07
12	THOKOMALA LEISURE	1998/007139/07	Director/ Company Secretary (natural person)	2005-06-06
13	TRANSREC	2003/030875/23	Member	2017-05-22
14	TYREXBAT	1996/036634/23	Member	2001-01-05
15	WESTERN BREEZE TRADING 135	2005/041822/07	Director	2006-02-02

8.3.1.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.1.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

8.3.1.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

8.3.1.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

- 8.3.1.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.1.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.1.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.1.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.1.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.1.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.1.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.2. Ms Nothando Nonkululeko Mkhize – Non-Executive Board Member
- 8.3.2.1. Full names: **Nothando Nonkululeko Mkhize**
- 8.3.2.2. Occupation and/or function: **Appointed as Non-Executive Board Member and Deputy Chairperson on 01 October 2023.**
- 8.3.2.3. Qualifications and experience
- B Tech Civil Engineering, Post Grad Diploma Project Management, Global Executive Development Programme. Ms Mkhize is a certified Director with the Institute of Directors in South Africa. She holds a degree in Civil Engineering specializing in Water, a Postgraduate diploma in Project Management, and a diploma in Civil Engineering.
- Her experience spans across both the public and private sector. She served as a non-Executive director at former Mhlathuze Water. She has a deep understanding of the public sector governance and

oversight, statutory compliance requirements, PFMA, Treasury Regulations King IV Code on Good Corporate Governance in South Africa (King IV), the Companies Act and other legislation applicable to the public sector including municipal entities.

8.3.2.4. Professional Registrations and/or Positions held on other Boards

Board Member of Mhlathuze Water, Operational Joint Working Group, Project Management Steering Committee Dube Trade Port Corporation, IoDSA

List of current directorships:

#	Company Name	Company registration	Director Type	Appointment Date
1	CATCH THEM YOUNG FOUNDATION	2022/270596/08	Director	2022-02-07
2	MABONWAKUDE PRIMARY CO-OPERATIVE LIMITED	2014/019235/24	Founding Member	2014-10-20
3	MABONWAKUDE PRIMARY CO-OPERATIVE LIMITED	2014/019235/24	Director	2014-10-20
4	SIMINOTHO CONSTRUCTION	2021/644290/07	Director	2022-01-06

8.3.2.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.2.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

8.3.2.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

- 8.3.2.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**
- 8.3.2.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.2.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.2.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.2.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.2.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.2.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.2.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.3. Ms Thandazile Mhlongo – Non-Executive Board Member
- 8.3.3.1. Full names: **Thandazile Sylvia Mhlongo**
- 8.3.3.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**
- 8.3.3.3. Qualifications and experience
- Diploma in Accounting, Diploma in Purchasing Management, Bachelor of Commerce in Municipal Accounting, Bachelor of Accounting Science in Financial Accounting, Master in Business Administration, and Certificate in Executive Leadership in Municipal Development. Ms Mhlongo has served in different Municipalities for

over 21 years, and most of which were at leadership level. She is currently working at National Treasury as a Technical Advisor: Budget and Revenue Management.

8.3.3.4. Professional Registrations and/or Positions held on other Boards

8.3.3.4.1. Former Chairperson – Msinsi Holdings SOC

8.3.3.4.2. Board Member - uMngeni Water Services SOC, IoDSA

List of current directorships:

#	Company Name	Company registration	Director Type	Appointment Date
1	MHLONGO T 001 TRADING (2007/072378/23)	2007/072378/23	Member	2007-04-12

8.3.3.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.3.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

8.3.3.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

8.3.3.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

- 8.3.3.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.3.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.3.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.3.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.3.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.3.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.3.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.4. Ms Hlengiwe Mvubu – Non-Executive Board Member
- 8.3.4.1. Full names: Buhle **Hlengiwe Mvubu**
- 8.3.4.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**
- 8.3.4.3. Qualifications and experience
- Bachelor of Arts, Advanced Project Management, Ms Mvubu is an experienced Public Affairs & Stakeholder Executive with over 22 years of experience. She has held positions at Foskor, including Communications & PR Specialist as the first black PR Professional in 2004. She has served as Group Stakeholder Manager for Foskor Richards Bay Division, Phalaborwa, and Johannesburg. She is an impact driven professional currently works at Mondi South Africa responsible for managing Stakeholder Engagement, Reputation, Risk and Corporate Responsibility.

8.3.4.4. Professional Registrations and/or Positions held on other Boards

President of the Zululand Chamber of Commerce and Industry (Dep),
1 KZN TV Board Member, Chairperson of Ethembeni Care Centre,
Council Member of the Univ of Zululand, Director of Business against
Crime, Thukela Goedetrow Member, Amangwe Village Member,
Mondi Shanduka Trustee, uThungulu Community Foundation, IoDSA

List of current directorships:

#	Company Name	Company Registration	Director Type	Appointment Date
1	BUSINESS AGAINST CRIME ZULULAND	1998/004610/08	Director	2016-09-12
2	ETHEMBENI CARE CENTRE	2005/029801/08	Director	2019-08-01
3	ISICONGO TRADING	2003/046463/23	Member	2003-06-06
4	IVIYO ENTERPRISE	2017/355706/07	Director	2017-08-14
5	SINAKHO KONKE BUSINESS ENTERPRISE	2001/003152/23	Member	2001-01-22
6	THOBHOYI TRADING	2018/568215/07	Director	2018-10-30

8.3.4.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.4.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

8.3.4.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

- 8.3.4.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**
- 8.3.4.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.4.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.4.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.4.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.4.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.4.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.4.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.5. Mr Khanyisani Stanley Shandu – Non-Executive Board Member
- 8.3.5.1. Full names: **Khanyisani Stanley Shandu**
- 8.3.5.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**
- 8.3.5.3. Qualifications and experience
- National Diploma Chemical Engineering, Master's in Business Administration. Mr Khanyisani Shandu is a distinguished business man and community leader with an exceptional track record. He is the founder and driving force behind a highly successful business operating in the Civil Construction and Engineering Sector, known as

Llthah Africa. With a background as a Chemical Engineer, Mr. Shandu possesses over 5 years of Invaluable experience in Plant Management and Operation at Sappi Salcor. His expertise In managing large scale projects across various industries showcases his proficiency in leveraging world-class engineering infrastructure. Under his exemplary leadership as the Managing Director, the company has achieved remarkable growth and established itself as a significant player in the Construction and Engineering Sector. Mr. Shandu' s commitment to social responsibility is evident In his employment and development of over 2000 young South Africans. Moreover, he actively promotes young talent by providing sponsorship opportunities and serving as a mentor. With a strong business acumen, extensive experience in engineering, and a dedication to community empowerment, Mr. Khanyisani Shandu Is a highly respected figure In both the business and social spheres.

8.3.5.4. Professional Registrations and/or Positions held on other Boards

8.3.5.4.1. Chairperson – uMngeni Water Services SOC, Trade and Investment

8.3.5.4.2. KZN, Enterprise iLembe Board member later Chairperson, IoDSA

List of current directorships:

#	Company Name	Company Registration	Director Type	Appointment Date
1	CHICK CULLS	2020/054197/07	Director	2020-02-13
2	KULINDA PROTECTION SERVICES	2013/010212/07	Director	2013-01-23
3	KVTJ HOLDINGS	2013/165829/07	Director	2013-09-11
4	NTUKHAMA BUSINESS ENTERPRISE	2004/010938/23	Member	2004-02-06
5	RAINCON ENERGY	2019/302945/07	Director	2019-06-21
6	RAIS EVENTS AND SECURITY	2013/198531/07	Director	2013-10-24
7	ROCABEX	2012/008187/07	Director	2018-02-02
8	UBUMBA INVESTMENTS	2007/125817/23	Member	2007-07-06
9	UKHASI CIVILS	2012/045402/07	Director	2012-03-05

#	Company Name	Company Registration	Director Type	Appointment Date
10	UKHASI CONSTRUCTION AND DEVELOPMENT	2005/175163/23	Member	2005-12-02

- 8.3.5.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**
- 8.3.5.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**
- 8.3.5.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**
- 8.3.5.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**
- 8.3.5.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.5.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.5.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.5.12. Details of ever being barred from entry into any profession or occupation: **None**

- 8.3.5.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.5.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.5.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

8.3.6. Adv. Lavandran Gopaul – Non-Executive Board Member

- 8.3.6.1. Full names: **Lavandran Nanda Gopaul**
- 8.3.6.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**
- 8.3.6.3. Qualifications and experience

Advocate of the High Court of South Africa, MPA (Harvard University), LLM (Boston University), LLB (UKZN), BCom (University of Natal), and Mason Fellow (Harvard University). Mr Gopaul is a Director & Fund Manager of Merchant Afrika. He held various Director level and senior management roles in stock brokering, derivatives, fund management and law. Gopaul wrote a regular Sunday Tribune & Post column on Finance, Economics and business personalities. Past Adjunct Academic at Mancosa. He has been a regular finance and economics commentator on TV and Radio since 2000.

- 8.3.6.4. Professional Registrations and/or Positions held on other Boards

Them bani International Guarantee Fund, IoDSA

List of current directorships:

#	Company Name	Company Registration	Director Type	Appointment Date
1	ALENTI 265	2011/001957/07	Director	2011-04-20
2	ARBITRAGE KAPITAL	2022/432060/07	Director	2022-04-12

#	Company Name	Company Registration	Director Type	Appointment Date
3	CANNABIS FEDERATION OF SOUTH AFRICA	2022/568053/08	Director	2023-03-01
4	CAPITAL CLUB FOUNDATION	2022/419448/07	Director	2022-04-06
5	CAPITAL CLUB WORLD WIDE	2022/584447/08	Director	2022-07-07
6	DIGNITY INVESTMENTS	2023/974778/07	Director	2023-08-31
7	EZEMPILO DIALYSIS CENTRE	2018/492235/07	Director	2018-09-13
8	FEDERATED MERCHANT	2018/596468/07	Director	2018-11-16
9	GOPAUL CONSTRUCTION	1997/036489/23	Member	1997-07-11
10	GWP CPF SUB-FORUM 2	2022/612099/08	Director	2022-07-20
11	HUNTREX 164	2004/029181/07	Director	2004-10-12
12	INTERCONTINENTAL STEEL	2021/981771/07	Director	2021-11-08
13	KAPITAL CLUB	2022/609069/08	Director	2022-07-19
14	MERCHANT AND SOVEREIGN GLOBAL	2020/677469/07	Director	2020-08-27
15	MERCHANT CAPITAL AND INVESTMENT	2020/551458/07	Director	2020-07-13
16	MERCHANT FIDUCIARY TRUST	2020/732702/07	Director	2020-09-17
17	MERCHANT FUND MANAGERS	2006/029781/07	Director	2006-09-22
18	MERCHANT INVESTMENTS AND SAVINGS	2014/019694/07	Director	2016-01-14
19	MERCHANT KAPITAL	2022/568191/07	Director	2022-06-25
20	MERCHANT ST	2020/875828/07	Director	2020-11-18
21	MINDLOGICX AFRICA SOFTWARE SOLUTIONS	2006/035343/07	Director	2006-11-13
22	NEWEARTH ENTERPRISES	2023/586860/07	Director	2023-02-21
23	PRAVAN PROP	2020/935025/07	Director	2020-12-22
24	SA UNSUNG HEROES	2023/809844/08	Director	2023-06-12
25	SIGO GROUP	2022/525271/07	Director	2022-06-03

#	Company Name	Company Registration	Director Type	Appointment Date
26	SOUTH AFRICA EZEMPILO CENTRE	2015/319499/08	Director	2015-09-04
27	TBW CAPITAL	2019/306415/07	Director	2019-12-01

- 8.3.6.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**
- 8.3.6.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**
- 8.3.6.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**
- 8.3.6.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**
- 8.3.6.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.6.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.6.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.6.12. Details of ever being barred from entry into any profession or occupation: **None**

- 8.3.6.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.6.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.6.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.7. Mr Sibusiso Wycliffe Mkhize – Non-Executive Board Member
- 8.3.7.1. Full names: **Sibusiso Wycliffe Mkhize**
- 8.3.7.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**
- 8.3.7.3. Qualifications and experience
- Master of Public Administration, Executive Leadership Programme, and Law Certificate for Municipal & local Government Personnel, Secondary Teachers Diploma. Mr Mkhize is Public Administrator and has accumulated over 20 years experience in various public and service delivery management roles within Local, Provincial and National Government. These roles, included being a Transformation Manager, responsible for amalgamation and integration of policies, structures, systems and procedures from various erstwhile Transitional Local Authorities into a single wall-to-wall then Hibiscus Coast Municipality. A vast experience of more than 10 years as an accounting officer at Local Government including a Water Service Authority. A Ministerial Representative at one distressed Municipality responsible for financial, governance and service delivery recovery plan. A General Manager: Corporate Services responsible for organisational efficiency and effectiveness at a provincial department.
- 8.3.7.4. Professional Registrations and/or Positions held on other Boards
- Board Member of uMngeni Water Services, IoDSA

List of current directorships:

#	Company Name	Company Registration	Director Type	Appointment Date
1	CAMDEN BAY INVESTMENTS 118	2008/011913/07	Director	2008-05-13
2	DONA HUE AVENUE	2016/341905/07	Director	2016-08-05
3	DUAL AVENUES	2016/319367/07	Director	2016-07-22
4	DUAL PROJECTS	2014/198563/07	Director	2015-03-01
5	MTATA VALUE CENTRE	2021/710652/07	Director	2021-07-06
6	RISING EDGE PROPERTIES	2017/467095/07	Director	2018-02-12
7	THE RISING EDGE	2014/092210/07	Director	2014-05-09
8	WISECHO SUPPLIERS AND DISTRIBUTORS	2002/058318/23	Member	2018-11-26

- 8.3.7.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**
- 8.3.7.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**
- 8.3.7.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**
- 8.3.7.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

- 8.3.7.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.7.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.7.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.7.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.7.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.7.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.7.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.8. Adv. Kwazikwenkosi Innocent Mshengu – Non-Executive Board Member
- 8.3.8.1. Full names: **Kwazikwenkosi Innocent Mshengu**
- 8.3.8.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**
- 8.3.8.3. Qualifications and experience
- LLB, Bachelor of Social Science Honours,(Public Policy and Development Studies), Master of Law (LLM) Adv. Mshengu has 11 years' experience in government administration and 3 years as MEC for Education. Leadership: Former CSRC President-General and Former CSRC Secretary General at UKZN

8.3.8.4. Professional Registrations and/or Positions held on other Boards

Chairperson of the IDT Board, IoDSA, Chairperson of Msinsi Holdings SOC ANC OR Tambo School of Leadership Board Member

List of current directorships:

#	Company Name	Company registration	Director Type	Appointment Date
1	CHAGWEZN BEEF FARMING	2021/149637/07	Director	2021-12-21
2	OR TAMBO SCHOOL OF LEADERSHIP	2018/564187/08	Director	2019-02-26
3	THE SAKHULWAZI FOUNDATION	2017/281596/08	Director	2017-06-26

8.3.8.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.8.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

8.3.8.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

8.3.8.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

8.3.8.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

- 8.3.8.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.8.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.8.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.8.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.8.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.8.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.9. Ms Diana Gloria Hoorzuk – Non-Executive Board Member
- 8.3.9.1. Full names: **Diana Gloria Hoorzuk**
- 8.3.9.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**
- 8.3.9.3. Qualifications and experience
- Diploma in Executive Leadership Municipal Development, Ms Hoorzuk is a former Deputy Mayor of eThekweni Municipality and Chair of Finance Committee of Council in 2021. Former local government Councillor for a period of 20 years. She held various positions of office during her tenure as a Councillor at eThekweni Municipality.
- 8.3.9.4. Professional Registrations and/or Positions held on other Boards
- AHF Thailand, AHF Kenya, Global Chair AHF SA Incorporating Swaziland and Zambia, Ezemvelo Wild Life , KZN Tourism Board, AIDS Healthcare Foundation based in the USA, Mangosuthu University of Technology, uShaka Marine World, PRISA, IoDSA.

List of current directorships:

#	Company Name	Company Registration	Director Type	Appointment Date
1	AIDS HEALTHCARE FOUNDATION (INCORPORATED IN CALIFORNIA, U S A)	2002/015107/10	Representative	2012-08-09
2	AIDS HEALTHCARE FOUNDATION (INCORPORATED IN CALIFORNIA, U S A)	2002/015107/10	Director	2002-06-26
3	ASHTON WINDSOR 08 INVESTMENTS	2018/030503/07	Director	2018-01-22
4	ASHTON WINDSOR 08 INVESTMENTS	2009/217546/23	Member	2009-11-26
5	BRISKTRADE AVIATION	1998/014363/07	Director	2003-11-20
6	DBN TRACE	2018/211165/07	Director	2018-03-20
7	DURBAN MARINE THEME PARK	2001/020025/30	Non-Executive Director	2023-04-01
8	MATERNAL CIVILS	2018/069145/07	Director	2018-02-20
9	MATERNAL INVESTMENTS	2018/009682/07	Director	2018-01-16
10	SOUTH AFRICA CARES FOR HEALTH	2011/003427/08	Director	2011-03-01
11	THE KZN FASHION COUNCIL	2009/019717/08	Director	2020-08-18
12	WOMEN BUILDING OUR AFRICA FINANCIAL SERVICES PRIMARY CO-OPERATIVE LIMITED	2020/002769/24	Director	2022-03-19

8.3.9.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.9.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or

any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

8.3.9.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

8.3.9.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

8.3.9.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

8.3.9.10. Details of any offence involving dishonesty committed by such person: **None**

8.3.9.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

8.3.9.12. Details of ever being barred from entry into any profession or occupation: **None**

8.3.9.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

8.3.9.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

8.3.9.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

8.3.10. Mr Timothy Cornish – Non-Executive Board Member

8.3.10.1. Full names: **Timothy James Cornish**

8.3.10.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**

8.3.10.3. Qualifications and experience

Civil Engineer (BSc Hons) registered with the Engineering Council of South Africa (ECSA), Professional Construction Project Manager registered with the South African Council for the Project and Construction Management Professions (SACPCMP), Construction Dispute Adjudicator registered with the Construction Adjudication Association of South Africa, Accredited as an Evaluative Mediator with the Royal Institution of Chartered Surveyors. Mr Cornish brings a wealth of experience spanning over 45 years working as a civil engineer predominantly in the water and sanitation sector. For 9 years, he served as manager of water and sanitation division of a major municipality. His career includes experience working in client bodies, consulting, and contracting and as a self-employed project manager, adjudicator and mediator.

8.3.10.4. Professional Registrations and/or Positions held on other Boards

Engineering Council of CSA, SAICE, SACPCMP, Construction Association of SA, Royal Institution of Chartered Surveyors, IoDSA

List of current directorships:

None

8.3.10.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.10.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

- 8.3.10.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**
- 8.3.10.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**
- 8.3.10.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.10.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.10.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.10.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.10.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.10.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.10.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**
- 8.3.11. Mr Siphon Maxwell Mtolo – Non-Executive Board Member
- 8.3.11.1. Full names: **Siphon Maxwell Mtolo**
- 8.3.11.2. Occupation and/or function: **Appointed as Non-Executive Board Member on 01 October 2023.**

8.3.11.3. Qualifications and experience

Postgraduate Diploma in Project Management, Advanced Project Management, Safety and Security Executive Development Programme. Mr Mtolo, possess a diverse career that spans both from the public and private sectors. He has served as a soldier between 1994 and 2006 in the Umkhonto Wesizwe Military and the South African National Defence Force. He then ventured into Engineering consultancy, Property development, printing, and building construction.

8.3.11.4. Professional Registrations and/or Positions held on other Boards

KZN Ezemvelo Wildlife Board, Msinsi Holdings SOC, IoDSA

List of current directorships:

#	Company Name	Company registration	Director Type	Appointment Date
1	AQUARELLA INVESTMENTS 424	2006/028635/07	Director	2006-09-13
2	DREAMFINDERS TRADING AND PROJECT 64	2010/157570/23	Member	2016-10-13
3	LUNENTOBEKO CONSTRUCTION	2005/008743/23	Member	2005-01-27
4	NDILINGA TRANSPORT SERVICES	2003/083459/23	Member	2003-10-02
5	NONKE INVESTMENT	2014/001476/07	Director	2014-01-07
6	SAZABAZALA TRADING ENTERPRISE	2007/062893/23	Member	2007-03-27
7	SIZAKANCANE INVESTMENTS	1998/045843/23	Member	2002-08-16
8	SOLID ROCK SECURITY SERVICES	2007/235272/23	Member	2007-11-21

8.3.11.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.11.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7)

of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

- 8.3.11.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**
- 8.3.11.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**
- 8.3.11.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.11.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.11.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.11.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.11.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.11.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.11.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

8.3.12. Mr Sandile Psychology Mkhize – Chief Executive

8.3.12.1. Full Name : **Sandile Psychology Mkhize**8.3.12.2. Occupation and/or function – **Appointed as Chief Executive on the 01 July 2024.**

8.3.12.3. Qualifications and experience

Mr Mkhize has over 20 years of work experience in various roles in both the public and private sector and 10 years of those in the water and sanitation and environmental sectors at senior and executive level. Before joining uMngeni-uThukela Water he served as a Chief Executive Officer of Magalies, a position he was promoted to after serving as its Chief Operating Officer, after working in various senior positions in the private sector including the mining companies, provincial and national government. An accomplished leader, Mr Mkhize has skills in Environmental Rehabilitation/ remediation, Environmental Risk Management, Integrated Environmental Management and Water Resources Management and Planning amongst others.

8.3.12.4. Other Key Directorships and/or Professional designations held

Member of WISA, IoDSA

List of current directorships:

#	Company Name	Company registration	Director Type	Appointment Date
1	MSINSI HOLDINGS	1992/003933/30	Director	2024-08-01
2	PSYCHOMZAMO CLEANING SERVICES	2024/000099/24	Director	2024-02-12
3	PSYCHOMZAMO SERVICES AND PROJECTS	2023/968352/07	Director	2023-08-29
4	UMNGENI WATER SERVICES	1997/007705/30	Director	2024-07-01
5	VUKANI BASEBENZI INVESTMENT	2021/428020/07	Director	2022-06-23

8.3.12.5. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

- 8.3.12.6. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**
- 8.3.12.7. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**
- 8.3.12.8. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**
- 8.3.12.9. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**
- 8.3.12.10. Details of any offence involving dishonesty committed by such person: **None**
- 8.3.12.11. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**
- 8.3.12.12. Details of ever being barred from entry into any profession or occupation: **None**
- 8.3.12.13. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**
- 8.3.12.14. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**
- 8.3.12.15. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or

disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

8.3.13. Mr Tamsanqa Mkhwanazi –Chief Financial Officer

8.3.13.1. Full names: **Tamsanqa Mkhwanazi**

8.3.13.2. Occupation and/or function: **Appointed as Executive Director appointed by the Minister of Water and Sanitation in 2024.**

Qualifications and experience:

Mr. Mkhwanazi has over 22 years of experience of which 12 years was in the private sector which spans across the automotive, retail and wholesale, import and export of medical equipment, and the logistics sectors. Two of the entities were part of the listed group of companies. Mr. Mkhwanazi completed 9 years in the public sector as Chief Financial Officer. Of the 22 years, 16 years has been at the management level and 13 of those years at the senior management level. The public sector experience spans across a municipality, two municipal entities, and a section 3A state-owned entity.

List of current directorships:

#	Company Name	Company Registration	Director Type	Appointment Date
1	LWAZIKWAMANDONGA SERVICES	1998/072736/23	Member	2008-05-05
2	MASHUKUMBELA INVESTMENTS	2023/266611/07	Director	2024-01-02
3	MTHOXION TRADING	2008/007015/23	Member	2008-02-18
4	NKWALI MABUZA TRADING	2009/106578/23	Member	2009-06-01
5	NKWALIYENKOSI INVESTMENT HOLDINGS	2023/267355/07	Director	2024-01-02
6	ROCABIX	2012/010188/07	Director	2016-03-01
7	ROCABLOX	2012/010191/07	Director	2016-03-01

8.3.13.3. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

8.3.13.4. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue

proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

8.3.13.5. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

8.3.13.6. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

8.3.13.7. Details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

8.3.13.8. Details of any offence involving dishonesty committed by such person: **None**

8.3.13.9. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

8.3.13.10. Details of ever being barred from entry into any profession or occupation: **None**

8.3.13.11. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

8.3.13.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

8.3.13.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

8.3.14. The evaluation of performance of directors and its committees is found within the Board Charter. The Board Charter is incorporated by reference into the Programme Memorandum, and is available at the link provided in the Programme Memorandum, under the section titled '*Documents Incorporated by Reference*'.

8.3.15. The current Debt Officer appointed:

Mr Tamsanqa Mkhwanazi – Executive Finance Director

Chief Financial Officer of Umngeni-Uthukela Water, appointed as an executive director by the Minister of Water and Sanitation in compliance with paragraph 7.3(d)(i) of the JSE Debt and Specialist Securities Listings Requirements.

310 Burger Street

Pietermaritzburg

3201

South Africa

Tel: 033 341 1058

Email: Thami.Mkhwanazi@uuw.co.za

List of directorships:

#	Company Name	Company Registration	Director Type	Appointment Date
1	LWAZIKWAMANDONGA SERVICES	1998/072736/23	Member	2008-05-05
2	MASHUKUMBELA INVESTMENTS	2023/266611/07	Director	2024-01-02
3	MTHOXION TRADING	2008/007015/23	Member	2008-02-18
4	NKWALI MABUZA TRADING	2009/106578/23	Member	2009-06-01
5	NKWALIYENKOSI INVESTMENT HOLDINGS	2023/267355/07	Director	2024-01-02
6	ROCABIX	2012/010188/07	Director	2016-03-01
7	ROCABLOX	2012/010191/07	Director	2016-03-01

The responsibilities of the Debt Officer is as follows:

8.3.15.1. act as central contact person for the applicant issuer to assist holders of debt securities with any issues pertaining to compliance with (i) the terms and conditions of any placing document, security documents and/or any applicable pricing supplements(s) and (ii) the JSE Debt and Specialist Securities Listings Requirements; and

8.3.15.2. assisting holders of debt securities access to the register of holders of debt securities through the transfer agent or otherwise (accepting the disclosure limitations at nominee/broker holder level only). Any

request of access to the register of holders of debt securities must be adhered to within three business days from receipt of a written request from a holder/s of debt securities.

- 8.3.16. Any change to the contact details of the debt officer must be announced through SENS.

8.4. The executive management

8.4.1. The C-suite and executive management team implements the decisions of the Board and manages the organisation on a day-to-day basis. This executive structure is supported by a number of senior managers, who provide technical information and assist the executive management team. On areas of strategic importance to the organisation, The Issuer consults through staff information sessions, the staff advisory council and through bilateral meetings with National, Education, Health and Allied Workers Union and South African Municipal Workers' Union, the recognised unions at the organisation. Normal management meetings with staff are ongoing.

8.4.2. Regular consultation and information meetings are held with customers, the Department of Water and Sanitation and the Parliamentary Portfolio Committee on Water and Sanitation, as well as with the investor community, to inform them of organisational matters.

9. **CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK**

9.1. Compliance to Water Services Act and PFMA

9.1.1. The Issuer's policies are reviewed annually to ensure it responds to relevant legislation.

9.1.2. The Water Services Act and the PFMA set out the operational and fiduciary duties of the Board. In order to increase the Board's understanding of the legislation, Board members are kept abreast of developments in legislation through presentations and memoranda.

9.1.3. The Chief Executive is assisted by four Chiefs and three Executives in implementing the policies, decisions and strategies adopted by the Board. In addition, the chief executive is responsible for fostering a culture of compliance and ensuring that all employees support and abide by the organisations Code of Ethics. The Chief Executive and the rest of the C-Suite attend all meetings of the Board to report on the activities of their divisions. Executive management meetings are held fortnightly.

- 9.1.4. Board committee meetings are convened regularly in order to address specific areas so as to enable the Board to make informed decisions. This has improved the corporate governance systems in the organisation.
- 9.1.5. The Board is governed by a code of ethics and the work of the committees is guided by specific terms of reference. Board meetings have been well attended and the details of activities are disclosed below. Members of the Board consider and authorise strategic issues in accordance with laid-down The Issuer policy and procedures.
- 9.1.6. Responsibility for the efficiency and effectiveness of operations, the optimum utilisation of The Issuer resources, legal compliance, the safeguarding of assets and the existence of sound and effective internal controls rests ultimately with the Board. Accordingly, the Board approves all corresponding policy, and monitors and guides the organisation's overall performance.

9.2. Shareholders Compact

In accordance with the Treasury Regulations issued in terms of the PFMA, the Board of The Issuer, as the governing authority must, in consultation with its executive authority, the Minister of Water and Sanitation, annually conclude a shareholder compact. The shareholder compact reflects the key performance measures and indicators to which The Issuer is committed. The Board continues to inform its executive authority on all major developments affecting the organisation through:

- 9.2.1. quarterly reporting against key indicators;
- 9.2.2. sustainability reports;
- 9.2.3. detailed five-year business plans;
- 9.2.4. direct contact between the chairman, the Minister of Water and Sanitation and the Portfolio Committee; and
- 9.2.5. frequent communication at executive level on industry performance and policy issues.

9.3. Governing Bodies

- 9.3.1. The Issuer is aware of and complies with its obligations as a State-Owned Entity, and in terms of King Code IV, is accountable to the National Assembly on the basis of the annual financial statements and audit reports of the Auditor General. The Issuer is committed to sound corporate governance and adheres to the King IV Report on Corporate Governance (hereinafter referred to as "King IV"). The

board of The Issuer is committed to promoting good governance and providing ethical leadership and thus supports the principles and outcomes contained in King IV. The Issuer reviewed its application of the King IV and is satisfied that the company is compliant with all the principles as contained in King IV. A statement on the Issuer's application of the principles of King IV is available in its annual report. This report is incorporated in the Programme Memorandum by reference, and is available at the link provided in the Programme Memorandum, under the section titled '*Documents Incorporated by Reference*'.

9.3.2. See below table for a summary of the Issuer's compliance with each of the King IV principles, together with a reference to the integrated annual report where additional information regarding its application of the King IV principles is available:

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
1. The governing authority should lead ethically and effectively	The Board is the governing authority on all issues relating to ethical and effective leadership, including codes of conducts and performance evaluations. The Board is accountable to the Executive Authority and accounts to Parliament for its performance which includes financial and non-financial matters.	Page 36
2. The governing authority should govern the ethics of the state owned entity ("SOE") in a way that supports the establishment of an ethical culture	The Board, through the Audit Committee provides oversight on ethics matters and ensures that periodic reports are received by the Board on the work of the Ethics Committee. The terms of reference of the Ethics Committee ensures that there is a system of monitoring and reporting ethics matters and that the work of the Committee is properly planned and focused on promoting and ethical culture across the organisation.	Page 41

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
<p>3. The governing authority should ensure that the SOE is and is seen to be a responsible corporate citizen</p>	<p>The Board had approved an enterprise development strategy and policy. These documents serve as the foundations of ensuring that the organisation puts systems in place to gear itself as a responsible corporate citizen. With these policies put to full implementation, the entity will become a visible caring organisation.</p>	<p>Pages 100 - 103</p>
<p>4. The governing authority should appreciate that the SOE's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</p>	<p>The board appreciates the expectations of its stakeholders and its benevolent intent through its strategies indicates the board's awareness that the organisation'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>Pages 59 - 61</p>
<p>5. The governing authority should ensure that reports issued by the SOE enable stakeholders to make informed assessments of the SOE's performance and its short, medium and long term prospects</p>	<p>The Board encourages management to be transparent in all its endeavours. All key documents are publicised on the organisation's website or other platforms, for access by stakeholders:</p> <ul style="list-style-type: none"> • corporate governance disclosures; • integrated reports; • annual financial statements; • other external reports. <p>Media statements are released periodically to</p>	<p>The annual report is incorporated in the Programme Memorandum by reference, and is available at the link provided in the Programme Memorandum, under the section titled '<i>Documents Incorporated by Reference</i>'.</p>

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
	address areas of concern from stakeholders and there is continuous engagements with the media.	
6. The governing authority should serve as the focal point and custodian of corporate governance in the SOE	The board's annual reports contain full disclosures on the status of corporate governance matters affecting the organisation, which include the members of the board, their expertise, number of meetings held during reporting period and attendance, whether the board is satisfied that it has fulfilled its responsibilities in accordance with its Charter and applicable Codes and legislation.	Pages 44 - 46
7. The governing authority should compose the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	<p>The annual report discloses:</p> <ul style="list-style-type: none"> • the board's comfort that its composition reflects the appropriate mix of knowledge, • skills, experience, diversity and independence, • Categorisation of its members as either executive / independent non-executive • Qualifications and experience of members and executives • Period of service • Age • Other professional positions held 	Pages 37, 47 - 49

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
<p>8. The governing authority should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and effective discharge of its duties</p>	<p>The Board operates in accordance with a Board Charter.</p> <p>All Committees of the Board operate in accordance with delegations given to each Committee by the Board with clear roles and responsibilities/functions.</p> <p>The annual report discloses:</p> <ul style="list-style-type: none"> • Composition, qualifications and experience of members; • Number of meetings held and attendance • Whether the board / committee is satisfied that it has fulfilled its responsibilities • Statement as to whether audit committee is satisfied that the external auditor is independent, specifically addressing: <ul style="list-style-type: none"> ○ the policy/controls and nature and extent of non-audit services rendered ○ tenure of external audit firm ○ rotation of designated external audit partner ○ significant changes in the management of the organisation 	<p>Pages 37, 38, 41 and 167</p>

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
	<p>during external audit</p> <ul style="list-style-type: none"> ○ firm's tenure • Significant matters considered in relation to the annual financial statements, and how these were addressed • Views on quality of the external audit • Views on effectiveness of the chief audit executive and arrangements for internal audit • Views on effectiveness of design and implementation of internal financial controls • Views on effectiveness of CFO and finance function • Arrangements in place for combined assurance and views on its effectiveness 	
<p>9. The governing authority should ensure that the evaluation of its own performance and of its committee, its chair and individual member support continued improvement in its performance and effectiveness</p>	<p>The Board has over the years relied on formal self-assessment process as one of the tools to assess board / committee effectiveness. Over time this method will be reviewed and benchmarked against peers.</p> <p>An annual self-evaluation / performance report is submitted to the executive authority highlighting key issues</p>	<p>Page 44</p>

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
	<p>identified during the evaluation.</p> <p>Any identified non performance will be dealt with by the shareholder</p>	
<p>10. The governing authority should ensure that the appointment of, delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>The organisation has in place a clearly defined delegation of authority framework that contributes to role clarity and effective exercise of authority</p>	<p>Page 44</p>
<p>11. The governing authority should govern risk in a way that supports at the SOE in setting and achieving its strategic objectives</p>	<p>The risk identification and management process is firmly entrenched in the organisation's business processes and the Board exercises the appropriate platform for this and gives enough space to management to manage risks and report periodically to the Board, through the Audit Committee, on risk related matters.</p>	<p>Pages 140 - 147</p>
<p>12. The governing authority should govern technology and information in a way that supports the SOE setting and achieving strategic objectives</p>	<p>The audit committee is charged with the responsibility of assisting the board to conduct appropriate oversight on matters related to ICT.</p> <p>Management is required to provide periodic reports on ICT governance, put actions taken to monitor effectiveness of technology and information and provide plans that are meant to enhance ICT systems for future focus.</p>	<p>Page 40</p>
<p>13. The governing authority should</p>	<p>The Board is accountable for</p>	<p>Page 36</p>

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the SOE in being ethical and a good corporate citizen	ensuring organisation-wide compliance. Overview of arrangements for governing and managing compliance and the annual report addresses how the board seeks to ensure compliance in all layers of the organisation.	
14. The governing 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	The annual report fully discloses remuneration of Board members and Executives in detail and provides the basis for remuneration strategies.	Pages 37, 248 - 251
15. The governing 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	<p>Assurance of external reports</p> <p>The annual report fully discloses assurance processes applied, in addition to the independent, external audit opinions, including:</p> <ul style="list-style-type: none"> • brief description of nature and scope of assurance functions, and services and processes underlying preparation of report • statement by governing body on integrity of report and basis of this statement 	Page 175
16. In its execution of the governance roles and responsibilities the governing	The annual report fully discloses the organisation's benevolent intention in relation to transparency	Page 58

PRINCIPLE	SUMMARY OF COMPLIANCE WITH THE PRINCIPLES	REFERENCE TO INTEGRATED ANNUAL REPORT AS AT 30 JUNE 2023
<p>authority should adopt a stakeholder inclusive approach that balances the needs, interest and expectations of material stakeholders in the best interest of the SOE over time</p>	<p>and how stakeholders are kept abreast of all developments regarding the organisation. In the reporting year, stakeholders have been kept abreast of key matters / developments regarding the entity through various mediums of communication.</p>	

9.3.3. The Issuer is driven by the values of customer focus, integrity, developmental approach, respect for people, environmental sustainability and excellence. Business relationships, characterised by ethical behaviour, require compliance with the set values, applicable legislation and business practices. Key initiatives to ensure continued compliance with good corporate governance include:

- 9.3.3.1. alignment of the terms of reference of Board committees;
- 9.3.3.2. further refinement of the delegation of authority document to confirm alignment to legislation, regulations and internal policies;
- 9.3.3.3. formal incorporation of existing risk management initiatives into an integrated risk management framework to address and implement enterprise-wide risk throughout the Issuer;
- 9.3.3.4. development of a corporate business cycle to improve efficiency and effectiveness; and
- 9.3.3.5. refinement of the corporate balanced scorecard to assist with meeting corporate objectives, using measurable targets.

9.3.4. A Board Charter (reviewed in 2024) provides a framework for fiduciary duties, responsibilities and overall functioning of the Board. The Board Charter is read in conjunction with the:

- 9.3.4.1. PFMA;
- 9.3.4.2. Treasury Regulations (GG 27338) as amended from time to time;

9.3.4.3. The Water Services Act, as amended; and

9.3.4.4. King IV.

9.4. Disclosure of Interest

On an annual basis and at every Board and Board committees' meetings members declare any interests and commit to non-disclosure of information that may unfairly advantage or disadvantage a party.

9.5. Role and Functions of the Board

The Board of the Issuer was appointed in September 2023. The role of the Board is as follows:

- 9.5.1. To lead ethically and effectively by cultivating the characteristics of integrity, Competence, fairness, transparency, accountability and responsibility and exhibit them in their conduct
- 9.5.2. To govern the ethics of the organisation in a way that supports the establishment of an ethical culture
- 9.5.3. To ensure that the Issuer is seen to be a responsible corporate citizen, by having regard to not only the financial aspects of its business but also the impact that business operations have on the environment and the society within which it operates
- 9.5.4. Steering and setting the direction for strategy by:
 - 9.5.4.1. Considering, challenging and approving management's formulation of short, medium and long-term strategy;
 - 9.5.4.2. Approving policies and operational plans developed by management to give effect to the approved strategy; and
 - 9.5.4.3. Exercising ongoing oversight of strategy implementation and assessment.
- 9.5.5. Ensure that reports issued by the organisation enable its stakeholders to make informed assessments of the organisation's performance as well as its short, medium and long-term prospects.
- 9.5.6. Act as the focal point and custodian of corporate governance in the Issuer by steering the organisation and setting its strategic direction, approving policy and planning that give effect to that direction, overseeing and monitoring the

implementation and execution by the management and ensure accountability for the organisation's performance through reporting and disclosures.

- 9.5.7. Ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of duties.
- 9.5.8. Ensure that the evaluation of its performance and that of its committees, the Chair and individual members, support continued improvement in its performance and effectiveness
- 9.5.9. Ensure that the appointment of, and delegation, to management contribute to role clarity and the effective exercise of authority and responsibilities.
- 9.5.10. Appoint the CE, formally evaluate the performance of the CE, and ensure there is succession planning in place for the position
- 9.5.11. Set the parameters for the powers which it reserves for itself and those that are to be delegated to management
- 9.5.12. Govern risk in a way that supports the Issuer in setting and achieving its strategic objectives
- 9.5.13. Govern information and technology in a way that supports the organisation in setting and achieving its strategic objectives
- 9.5.14. 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
- 9.5.15. 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.
- 9.5.16. 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.
- 9.5.17. Adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

9.6. Board Committees

The Board committees assist the Board in the performance of its duties and also in enabling effective decision-making. In terms of the Water Services Act, the Board is authorised to delegate powers to the Board committees established by the Board. The functions and powers delegated to committees are set out in the Board committees' Terms of reference. Terms of reference for all committees have been reviewed and approved by the Board.

9.6.1. Audit, Finance and Risk Committee

9.6.1.1. The Committee is mandated to exercise oversight and ensure achievement of the highest level of financial management, accounting and reporting to the shareholder and to meet the requirements prescribed in section 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act (Act 29 of 1999), as well as Treasury Regulations, 2005 (Chapter 27.1). The Audit, Finance and Risk Committee's oversight responsibility covers issues of ethics, further performs a critical function of risk management oversight by ensuring the effectiveness, quality, integrity and reliability of uMngeni-uThukela Water's risk management processes.

9.6.1.2. The terms of reference of the Audit Committee takes into account the recommendations in King IV, the Companies Act (Act 71 of 2008), the Public Finance Management Act (Act 29 of 1999) as amended and Treasury Regulations, 2005, to ensure alignment to best practice and legislation.

9.6.1.3. Notwithstanding its duties, the Audit Committee:

9.6.1.3.1. shall consider and satisfy itself, on an annual basis, of the appropriateness of the expertise and experience of the financial director;

9.6.1.3.2. ensure that the Issuer has established appropriate financial reporting procedures and that those procedures are operating;

9.6.1.3.3. consider the relevant information, in accordance with the JSE Listings Requirements, provided by the audit firm and individual auditor, in the assessment of the suitability of appointment or reappointment of the auditor.

9.6.1.4. The Issuer shall confirm, by reporting to the Noteholders in its annual financial statements, that the audit committee has executed its responsibilities.

9.6.2. Social and Ethics Committee

9.6.2.1. The Board acknowledges its responsibility to ensure that the Issuer is a fair, transparent and ethical entity and continues to exercise oversight through its already fully functional Social and Ethics Committee as prescribed in Section 29.1.1 of the Treasury Regulations in the PFMA as well as in line with the requirements of section 72 (4) of the Companies Act (Act No.71 of 2008). The Social and Ethics Committee accounts to the Board. Any high-risk areas identified are managed and mitigated at that level. The Committee provides assurance to the Board that there are effective ethics management systems; institution-wide prevention of fraud and corruption; and ensures that complaints are managed effectively, followed up appropriately and investigated competently.

9.6.2.2. The Committee consists of six (6) non-executive directors and the Chief Executive, the Committee is chaired by an independent non-executive director. A code of ethics has been approved by the Board and provides guidelines for ethical decision-making by all employees, board members, and stakeholders. The code formally acknowledges the organisation's intent to undertake business in an ethical manner and is communicated to all employees through various awareness and communication forums and programmes.

9.6.3. Remuneration and Human Resources Committee

The Committee reviews and recommends to the Board all matters relating to:

9.6.3.1. Human Resources policies, organizational structure and compliance with the Employment Equity Act, (Act 55 of 1998) and other Labour legislation;

9.6.3.2. Conditions of employment of executive management;

9.6.3.3. Appointment of the Chief Executive and members of executive management;

9.6.3.4. Remuneration packages for the Chief Executive, members of executive management and staff;

- 9.6.3.5. Succession planning for executive management;
- 9.6.3.6. Policies and practices for Performance Management;
- 9.6.3.7. Strategic Human Resource related matters; and
- 9.6.3.8. Special rewards recommended by the Chief Executive.

9.6.4. Capital Projects, Fixed Assets Committee

The capital projects and fixed assets committee (“Capex Committee”) is established to assist the Board to discharge key performance outcomes that are consistent with the following aspects of U UW’s strategy:

- 9.6.4.1. Infrastructure Stability
- 9.6.4.2. Operational Resiliency
- 9.6.4.3. Customer Satisfaction
- 9.6.4.4. Water Resource Adequacy
- 9.6.4.5. Product Quality: Water & Wastewater
- 9.6.4.6. Community and environmental sustainability and the reduction and management of risks associated with the above aspects.

10. **LITIGATION STATEMENT**

Save as disclosed below, the Issuer (also referred to as U UW) is or has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a material effect on the financial position of the Issuer in the previous 12 months.

Sobek Engineering v Umgeni Water & Another

10.1. Background Information

- 10.1.1. On 25 May 2022, the Issuer appointed Sobek Engineering Proprietary Limited (“Sobek”) as an independent professional service provider (PSP) and agent of Umgeni under contract FA 2020/012-06, rehabilitation of the Nagle Aquaducts. Certain disputes arose between Sobek and the Issuer which form the subject of litigation between the parties under case number 14918/22P in the KwaZulu-Natal Division of the High Court, Pietermaritzburg. By order of the High Court,

Pietermaritzburg, dated 11 August 2023, various disputes between the parties were referred for determination by arbitration.

10.1.2. According to the statement of claim by Sobek the arbitrator is called upon to make the following award:

10.1.2.1. That the Issuer's termination of the contract on 15 October 2022 was unlawful and is set aside.

10.1.2.2. That Sobek's acceptance of the Issuer's repudiation of the contract and termination thereof in July 2023 was lawful and is upheld.

10.1.2.3. The Issuer is liable to Sobek for contractual damages it has suffered as a result of the Issuer's unlawful termination of the contract in the amount of R67, 186, 424.94

10.1.2.4. Umgeni is to pay the costs under case 14918/22P including that of two counsel in:

10.1.2.4.1. the main urgent application brought by Sobek;

10.1.2.4.2. the interlocutory application for security for costs brought by the Issuer; and

10.1.2.4.3. the Issuer is to pay costs in the arbitration including that of two counsel, and that of any expert witnesses.

10.2. Purpose of litigation

The purpose of the arbitration is for the Issuer to be afforded an opportunity to present its facts in defence of the claim for damages that has been brought by Sobek against the organization.

No	Case No	Matter	Action	Instructed Attorney	UUW Legal Advisor	Date action was instituted	Quantum claimed	Legal Expenses to date	Estimated date of completion
8.	14918/2022	<ul style="list-style-type: none"> Sobek Engineering v UUW 	Contract dispute	AT Mpungose & Dlamini Inc	Mlungisi Shangase	31/10/2022	R67,186, 424.94	R4,542,397.82	May 2024

The matter was adjourned sine die on 24 January 2023 to give Sobek and opportunity to file its court papers. Sobek has since submitted their court papers on 03 February 2023 and the Issuer and its legal team met on 06 February 2023 to prepare for the drafting of its court papers which are due in court on 10 February 2023. Due to the voluminous of the documents received from the Sobek, the Issuer's advocate has not finalized the court papers. The matter was

heard in the Pietermaritzburg High Court and Sobek was asked to supplement its papers. Sobek also asked the court to make a ruling on the outstanding invoices. The court ordered the parties to go and negotiate amongst themselves the payment of the invoices and once an agreement is reached then payment can be made.

Umgeni-Uthukela Water v Sembcorp Siza Water

10.3. Background information

In 2016, the Issuer increased its water tariff. Sembcorp Sia Water Proprietary Limited (“**Sembcorp**”) disputed the tariff and refused to pay the increased tariff. Sembcorp then approached the court to have the new tariff declared unreasonable, baseless and set aside. They brought an application against the Minister of Water and Sanitation, the Issuer and ILembe District Municipality. The Issuer negotiated with Sembcorp to pay the CPI increment and the difference of the tariff was paid into an interest bearing account pending the finalisation of the court process.

10.4. Current Status

This matter has been finalised. Judgment in favour of the Issuer was received from the Constitutional Court on 23 July 2021.

- 10.4.1. The application for leave to appeal was granted.
- 10.4.2. The appeal by the Minister of Water and Sanitation was dismissed.
- 10.4.3. The Minister of Water and Sanitation was ordered to pay the costs of Sembcorp in this Court, including the costs of two counsel.
- 10.4.4. The appeal in favour of the Issuer was upheld.
- 10.4.5. The orders of the High Court and Supreme Court of Appeal are set aside to the extent that they refer to the Issuer and are replaced with:

“The application to review the tariff set by Umgeni Water is dismissed with costs, including costs of two counsel.”

- 10.4.6. Sembcorp is ordered to pay the costs of The Issuer in this Court and the Supreme Court of Appeal and such costs shall include costs of two counsel.
- 10.4.7. The court found that the Minister of Water and Sanitation does not have a right in law to approve the tariff and thus the increase, but merely to present the tariff to Parliament. However, this did not affect the increased tariff being set, as the

Constitutional Court held that Umgeni had a statutory power to increase the tariff charged on Sembcorp.

10.5. Purpose of Litigation

The purpose of litigation in this matter is to recover funds that are owed by Siza Water to the Issuer for amounts that were not paid to the Issuer after the Issuer had increased its tariffs and Siza Water had resisted to pay invoices that had been issued by the Issuer in terms of the increased tariff.

No	Case No	Matter	Action	Instructed Attorney	UUW Legal Advisor	Date action was instituted	Quantum claimed	Legal Expenses to date	Estimated date of completion
2.	CCT292/19 CCT 300/19	• Sembcorp Water v UUW Siza	Tariff dispute	ENS Africa Attorneys	Mlungisi Shangase	01/09/2015	R106, 218, 514.66.	Cost of Previous Matter: R21, 669 930.51 Cost of recovery of moneys –current matter: R133 904.91	

The Issuer's attorneys are now preparing the matter for taxation and executing the court order to get the monies due in terms of the Constitutional Court order. The Senior Manager: Legal Services is in the process of arranging a meeting between the CE, CFO, Group Chief Governance and Compliance Officer and our legal team to discuss the best suitable process to undertake. Sembcorp has made an offer to pay a settlement of R20 million in this matter and the Issuer rejected this offer. The funds that are due and payable by Sembcorp is an amount of R106, 218, 514.66.

Mhlathuze Water¹ v former Chief Executive Officer Mr M Duze, the former Chief Financial Officer Ms B Mnyandu and the former Legal Advisor Ms D Chiliza

10.6. Background Information

10.6.1. A Whistle Blower conveyed a report dated 22 November 2021 to Mhlathuze Water ("MW"). A full forensic investigation was then instituted by the Board. Integrity Forensic Solutions ("IFS") was appointed from a Panel of Forensic Investigators to perform both the preliminary and full investigations. After the presentation of the preliminary investigation by IFS in January 2022, there was a need for the Board to obtain legal advisory services. MW's Panel of Attorneys were cancelled at the time. An alternative bid process was followed in terms of the Public Finance Management Act ("PFMA") and its Regulations and National Treasury Instruction Notes. A 'Deviation process on an urgent basis' was followed and approved by the Board in terms of the MW Supply Chain Management Policy

¹ Mhlathuze Water was disestablished and its assets, liabilities and employees were transferred to uMgeni-uThukela Water through the Government Gazette notice 48833 issued on 19 June 2023.

and the Board appointed Macgregor Erasmus Attorneys (MEA) in February 2022 to provide these legal (and related) services. A Final report from IFS was presented on 30 and 31 May 2022 respectively. These resulted in recommendations, which were subsequently adopted and approved by the Board, to implement disciplinary, criminal and civil action against the affected employees. MEA was instructed by the Board to implement these steps.

- 10.6.2. The contents of this claim is contained in the IFS Final Investigation Report dated 25 May 2022. The Investigation Report and supporting evidence thereto was in the possession of the Risk Manager for the Richards Bay Regional Office and was not made available to the Legal Services Department. The matter was reported to the South African Police Station and the National Head Office of the Directorate of Priority Crime Investigation Unit and criminal proceedings are underway in the High Court in Durban under case no. 324/08/2022.
- 10.6.3. The investigation concluded that the former CEO, CFO and Legal Advisor being Mr M Duze, Ms B Mnyandu and Ms D Chiliza respectively:
- 10.6.3.1. Contravened section 57(a) of the PFMA and failed to provide appropriate and efficient oversight over the management of the budget of the legal panel and expenditure related thereto.
- 10.6.3.2. Contravened section 57(c) of the PFMA:
- 10.6.3.2.1. initiated, allowed, condoned or approved the appointment and payment of Mhlanga Inc. Attorneys in respect of work claimed to have been performed prior to the SCM processes related to the constitution of the legal panel being concluded and caused the irregular expenditure;
- 10.6.3.2.2. initiated, allowed, condoned or approved the appointment and payment of Mhlanga to perform work related to a purchase order investigation without following the SCM protocols of MW and wilfully or negligently departed from or caused the departure from the irregular expenditure framework and irregular expenditure procedure, thereby directly or indirectly causing prejudice to MW; and
- 10.6.3.2.3. Initiated, allowed, condoned or approved the appointment and payment of Mhlanga and Morar

Incorporated to perform work related to the reporting of criminal cases without following the SCM protocols of MW.

10.7. Purpose of litigation

This is a civil claim for the Recovery of Irregular Expenditure in terms of Section 27 of the National Treasury Irregular Expenditure Framework which states that “Irregular expenditure emanating from fraudulent, corrupt or other criminal conduct may result in a department, constitutional institution or public entity incurring a loss and that the Loss Control Function or another relevant function must, in writing, inform the accounting officer or governing authority to institute a civil claim for the recovery of the loss”. The purpose of the claim is to recover irregular expenditure and to amplify public accountability in respect of public funds, to strengthen the fight against corruption in state owned entities and therewith regaining the public trust and is aligned to the Issuer’s organizational strategy of managing financial loss, enhancing stakeholder relationships, and maintaining reputational integrity.

No.	Case No	Matter	Action	Appointed Attorneys	UUW Legal Advisor	Court	Date action was instituted	Quantum claimed	Legal Expenses to date	Estimated date of completion	
12	IFS Investigation report –	Mhlathuze Water v Former Chief Executive Officer	Recovery of Irregular Expenditure	Macgregor Erasmus Attorneys	Mlungisi Shangase	Durban High Court	2 June 2022	R41,290,146.40 –R6 900 000.0	R 307 662,81	2025	

Mhlathuze Water v Mhlanga Attorneys Inc. and Ralph Mhlanga

10.8. Background Information

10.8.1. This case was in connection with the Whistle Blower report dated 22 November 2021 to MW and the IFS Report to the Board referred to in the case above. The total spent on the legal panel appointed by MW was R46 704 091, 10 for the period 8 August 2019 to 30 September 2021. An entity named Mhlanga Incorporated (Mhlanga) was a panellist, and was paid a total of R37 900 385,28 for the same period while the remaining firms on the panel were paid a total of R8 803 705,82. The result is that Mhlanga was paid more than 81% of the total spent. The findings of the investigation indicated that the invoices submitted by Mhlanga in respect of the work that he is stated to have performed was contained in the agreed fee structure for the legal panel and is attached to each invoice along with the regulated fees for disbursements. Mhlanga, Mr M Duze and Ms B Mnyandu changed the fundamental terms and conditions of the aforementioned appointment to include new terms, where Mhlanga would be paid per report produced and not in terms of the agreed hourly rates and the invoices were

inflated beyond the amount of work that was performed. Furthermore, the fact that Mhlanga claimed a total of R21 390 000 from Mhlathuze for work alleged to have been performed within a period of between 64 working days and 101 calendar days indicates non-delivery and fraud. A Final report from IFS was presented on 30 and 31 May 2022 respectively. These resulted in recommendations, which were subsequently adopted and approved by the Board, to implement disciplinary, criminal and civil action against the affected employees. MEA was instructed by the Board to implement these steps.

10.8.2. The contents of this claim is contained in the IFS Final Investigation Report dated 25 May 2022. The Investigation Report and supporting evidence thereto is in the possession of the Risk Manager for the Richards Bay Regional Office, now Acting Ethics Manager and was not made available to the Legal Services Department. The matter was reported to the SAPS and the National Head Office of the Directorate of Priority Crime Investigation Unit and criminal proceedings are underway in the High Court in Durban under case no. 324/08/2022.

10.9. Purpose of litigation

This is a civil claim for the Recovery of Irregular Expenditure in terms of Section 27 of the National Treasury Irregular Expenditure Framework which states that “Irregular expenditure emanating from fraudulent, corrupt or other criminal conduct may result in a department, constitutional institution or public entity incurring a loss and that the Loss Control Function or another relevant function must, in writing, inform the accounting officer or governing authority to institute a civil claim for the recovery of the loss”. The purpose of the claim is to recover irregular expenditure and to amplify public accountability in respect of public funds, to strengthen the fight against corruption in state owned entities and therewith regaining the public trust and is aligned to the UJW organizational strategy of managing financial loss, enhancing stakeholder relationships, and maintaining reputational integrity.

No.	Case No	Matter	Action	Appointed Attorneys	UJW Legal Advisor	Court	Date action was instituted	Quantum claimed	Legal Expenses to date	Estimated date of completion
14	Fraud between Former CE and Mhlanga Case No. D 9121/2022	Mhlathuze Water v Mhlanga Attorneys Inc. & Ralph Mhlanga	Recovery of Irregular Expenditure	Durban High Court	Macgregor Erasmus Attorneys	Nandisa Jafta	6 September 2022	R33,182,381.43	R 164 074,15	

10.10. Status update

An Application to strike out Mhlathuze's claim was set down for hearing on 9 June 2023. MW's Opposing affidavit was filed on 23 May 2023. The matter has now been placed on the Opposing roll at court and a date is awaited.

RISK FACTORS

Words used in this section headed “Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors described below, which are ordered from most to least significant, represent key risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. Accordingly, the Issuer does not represent or warrant that the statements below regarding the risks of holding of any Notes are exhaustive.

All of these risks could materially affect the Issuer, its reputation, business, results of its operations and overall financial condition.

The information set out below is therefore not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective investor.

Investors contemplating making an investment in the Notes should determine their own investment objectives and experience, and any other factors which may be relevant to them in connection with such investment.

1. RISKS ASSOCIATED WITH THE ISSUER

- 1.1. The Issuer defines risk as all sources of uncertainty that could, positively or negatively, affect the entity’s ability to achieve its strategic objectives and outcomes. Risk management in the entity is guided by an Integrated Risk Management Framework (IRMF). The Issuer’s risk management process is aligned to strategy, which ensures a focused and integrated process of risk management in the entity.
- 1.2. The Issuer constantly analyses its operating environment as part of reviewing its strategy. Key to this analysis is the identification of strategic risks as part of the entity’s integrated risk management framework. Strategy informs the identification and treatment of new risks and opportunities, whilst continual implementation of the integrated risk management process informs potential new and emerging strategic risks and opportunities.
- 1.3. There have been additional strategic risks that have been potentially identified, such as the “Organisational change management” and the “Fraud risk”.
- 1.4. The entity has ten (10) strategic risks as presented below which are sorted by descending risk score (most significant to least significant), linked to strategic objectives (SO) and indicating their appetite/tolerance positions.

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
1	<p>Ability to deliver projects on time and within budget</p> <ul style="list-style-type: none"> Overall Response Effectiveness: Poor 49% Severity: Major-High: 200 Probability: 90% Highly probable and/or certain to occur within 1 year Risk Owner: Executive: Infrastructure Development <div data-bbox="296 622 517 788" style="text-align: center; border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Score</p> <p style="background-color: #FFD700; color: white; padding: 5px; border-radius: 10px; display: inline-block;">180</p> <p>Medium</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> Outside Appetite Within Tolerance 	<p>Cause & Context:</p> <p><u>Project planning and design phase:</u> Different Professional Service Providers undertaking the planning and design. Poor alignment of planning, design and environmental studies. Poor timing of land acquisition (purchasing of land only commences at the construction or at the design phase). Internal and external budget constraints (Re-prioritisation of capex due to tariff reductions, external funding constraints and the re-prioritisation of UUW's growth strategy). Dependency of approvals from external stakeholders.</p> <p><u>Procurement process:</u> Global challenge in goods and services resulting in the delay of ICT products. Lengthy & bureaucratic procurement process including Bid Specification Committee process delays. Incorrect specifications. Complex & ineffective Contract Participation Goal and Enterprise Development process. Appeals after intention to award. Internal capacity constraints. Possible Inefficient forms of contract.</p> <p><u>Project construction phase :</u> Social disruption during construction during all project phases. Changes during design and construction leading to over runs and time delays. Ineffective project and contract management.</p> <p><i>Treatment Approach:</i> <i>Optimised contracting strategies.</i> <i>Strategic engagements with stakeholders and pro-active social facilitation. Timeous acquisition of land and/or design of facilities. Streamlined procurement process. Contracts Participation Goals (CPG) Policy & procedure.</i> <i>Clarity of tender documentation.</i> <i>Improved project/contract management.</i> <i>Hold poorly performing Professional Service Providers (PSP) and contractors accountable.</i></p>	<p>Customer & stakeholder perspective:</p> <p>SO1: Improve stakeholder value SO2: Improve customer value</p> <p>Process perspective:</p> <p>SO4: Improve stakeholder engagement SO7: Increase customers and services</p> <p>Organisational capacity perspective:</p> <p>SO12: Increase supply security</p> <p>Outcomes:</p> <p>Customer Satisfaction Stakeholder Understanding and Support Community Sustainability Operational Optimisation Enterprise Resiliency Product Quality Water Resources Sustainability Infrastructure Strategy and Performance Financial Viability</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
		<p><i>Mandatory attendance of appropriate divisional staff at individual steering committee meetings.</i></p> <p><i>Aligned planning, design and environmental studies.</i></p>	
2	<p>Ability to meet current and future water demands</p> <ul style="list-style-type: none"> Overall Response Effectiveness: Poor 30% Severity: Major-High: 200 Probability: 90% Highly probable and / or certain to occur within 1 year. Risk Owner: Executive: Infrastructure Development <div data-bbox="296 790 517 958" style="border: 1px solid black; padding: 5px; text-align: center;"> <p>Score</p> <p>180</p> <p>Medium</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> Outside Appetite Outside Tolerance 	<p>Cause & Context:</p> <p>Long-term water resources: Delays in the implementation of water resource development projects.</p> <p>Short-term water resources: Drought; Lack of system resilience in the short-term. (Integrated planning and implementation for medium (5 years) and long-term (greater than 10 years) augmentation of systems with stakeholders).</p> <p>Infrastructure Adequacy: Mis-managed urbanization, ineffective demand management (demand outstripping supply). Delays in developing infrastructure.</p> <p>Deteriorating catchment water quality and declining quantity or catchment yield.</p> <p>Compromised Ecological Infrastructure.</p> <p><i>Treatment Approach:</i></p> <p><i>eThekweni metro have signed the Water User agreement and the remaining Water Services Authorities (WSA's) are to sign the Water User agreement in March 2024 and thereafter, Trans-Caledon Tunnel Authority (TCTA) will be able to proceed with the procurement of a design consultants for the Raw Water component of the uMkhomazi Water Project. The signing of the Water User Agreements has delayed the project significantly and it is likely that water will only be delivered from the scheme in 2032. Design of the Lower uMkhomazi Bulk Water Supply Scheme(BWSS).</i></p> <p><i>Status: WTW is 100% complete.</i></p> <p><i>Construction of Lower uMkhomazi BWSS is to be completed by Oct 2027.</i></p> <p><i>Interbasin transfers undertaken based on predefined operating rules.</i></p>	<p>Customer & stakeholder perspective:</p> <p>SO1: Improve stakeholder value</p> <p>SO2: Improve customer value</p> <p>Financial perspective:</p> <p>SO3: Improve financial sustainability</p> <p>Process perspective:</p> <p>SO7: Increase customers and services</p> <p>Organisational capacity perspective:</p> <p>SO12: Increase supply security</p> <p>Outcomes:</p> <p>Customer Satisfaction</p> <p>Stakeholder Understanding and Support</p> <p>Community Sustainability</p> <p>Financial Viability</p> <p>Operational Optimisation</p> <p>Enterprise Resiliency</p> <p>Product Quality</p> <p>Employee and Leadership Development</p> <p>Water Resources Sustainability</p> <p>Infrastructure Strategy and Performance</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
		<p><i>Timeous implementation of Department of Water and Sanitation Directives for the implementation of Stephen Dlamini Dam and Cwabeni Dam.</i></p> <p><i>Implementing Agent Agreements were signed on 2nd of November 2023.</i></p>	
3	<p>Technology and innovation</p> <ul style="list-style-type: none"> Overall Response Effectiveness: Reasonable 60% Severity: Major-Low: 100 Probability: 90% Highly probable and/or certain to occur within 1 year Risk Owner: Executive: Scientific Services <div data-bbox="293 846 523 1016" style="text-align: center;"> <p>Score</p> <p>90</p> <p>Medium</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> Outside Appetite Within Tolerance 	<p>Cause & Context:</p> <p>Starting projects without the end user, a lot of technology and innovation is at a feasibility phase, slow uptake of new technologies, researcher only doing the research, project execution not adapted due to end user absence, stakeholder mapping to be done at the beginning of the project, Difficulty in procurement due to following one option, Technology/innovation not specific to the challenge, Personnel may not be adequately trained for the new technology/innovation, restrictions imposed by procurement regulations, innovation revolution, lack of clear business case. Slow uptake of technology an innovation. Digital technology adoption, technology on management and maintenance of infrastructure. The end user not consulted when the project starts.</p> <p><i>Treatment Approach:</i></p> <p><i>Corporate Innovation, Technology and Information Board Committee.</i></p> <p><i>Research and Innovation Facility.</i></p> <p><i>Implementation of the Research, Technology and Innovation Programme/ Masterplan and Strategy.</i></p> <p><i>Partnerships and Memorandum of Understanding with local and national partners.</i></p>	<p>Customer & stakeholder perspective:</p> <p>SO2: Improve customer value</p> <p>Process perspective:</p> <p>SO6: Improve internal efficiency and effectiveness</p> <p>Process perspective:</p> <p>SO8: Improve product and service quality</p> <p>Organisational capacity perspective:</p> <p>SO10: Improve the use of data and technology</p> <p>Outcomes:</p> <p>Stakeholder Understanding and Support Community Sustainability Operational Optimisation Enterprise Resiliency Product Quality Employee and Leadership Development Water Resources Sustainability Infrastructure Strategy and Performance</p>
4	<p>Climate Change</p> <ul style="list-style-type: none"> Overall Response Effectiveness: Reasonable 60% Severity: Major-Low: 100 Probability: 65% Even probability and/or could occur within 1-2 years Risk Owner: Executive: Scientific Services 	<p>Cause & Context:</p> <p>Climate change results in changing rainfall patterns, increased intensity of storms, more extreme droughts and floods, increased evaporation and decreased runoff in the critical water source catchments.</p> <p>Water availability, infrastructure stability, water security and water quality are threatened, exacerbated by competing demands.</p>	<p>Customer & stakeholder perspective:</p> <p>SO1: Improve stakeholder value</p> <p>Process perspective:</p> <p>SO4: Improve stakeholder engagement SO8: Improve product and service quality</p> <p>Organisational capacity perspective:</p> <p>SO10: Improve the use of data and technology SO12: Increase supply security</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
	<div style="text-align: center; border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Score</p> <div style="background-color: #28a745; color: white; border-radius: 10px; padding: 5px; display: inline-block;"> <p>65 Low</p> </div> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> • Outside Appetite • Within Tolerance 	<p>Poor and marginalised communities impacted by climate change.</p> <p>Excessive / sole reliance on fossil fuels for water business. Includes:</p> <ul style="list-style-type: none"> • Electricity for pumping and for water and wastewater treatment processes. • Treatment process associated with direct greenhouse emissions (e.g. methane gas, a by-product of waste digestion). • Electricity use in office buildings • Fossil fuel used for transport, business flights, generators and boats. • Contributing to greenhouse gas emissions by dumping waste at landfill sites. <p>Poor condition of ecological systems in key catchments, due to poor land use management, lack of monitoring and coordination of activities, poor behaviour of water users and lack of compliance and enforcement. Historical focus on hard engineering as opposed to soft or “green” engineering solutions to address water management and climate change impacts.</p> <p>Lack of awareness and shared-learning on water related risks of climate change and response to address these, coupled with how measures will benefit people. Climate change affects all life and response requires participation by all people, enterprises, communities and government entities.</p> <p>Lack of institutional climate change policy, planning, funding and financing of climate response interventions.</p> <p><i>Treatment Approach:</i></p> <p><i>Reducing vulnerability and enhancing resilience: ensure processes and decisions reduce vulnerability and build resilience and adaptive capacity to the impacts of climate change for the Issuer Water, infrastructure, customers and communities.</i></p> <p><i>Includes flood management plans, drought management plans, modified works design.</i></p> <p><i>Reducing Greenhouse Gas Emissions: compute emissions and</i></p>	<p>Outcomes:</p> <p>Stakeholder Understanding and Support Community Sustainability Operational Optimisation Enterprise Resiliency Product Quality Employee and Leadership Development Water Resources Sustainability Infrastructure Strategy and Performance</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
		<p><i>their materiality, and put in place appropriate emissions reductions interventions.</i></p> <p><i>Water resource protection and climate resilient ecological infrastructure investment: collaborate with relevant stakeholders to ensure activities and decisions protect / restore ecosystem functioning.</i></p> <p><i>Influence behavioural change for enhanced climate response: create an enabling environment for behavioural change towards climate change and water management, through awareness creation and shared-learning.</i></p> <p><i>Climate Change Response Policy.</i></p> <p><i>Climate Change Response Financing:</i></p> <ul style="list-style-type: none"> <i>Incorporate water related climate change response strategies into organisational financial planning and budgeting (built into various department's budgets).</i> 	
5	<p>Organisational change management</p> <ul style="list-style-type: none"> Overall Response Effectiveness: Reasonable 55% Severity: Moderate-High: 40 Probability: 80% Likely and / or could occur within 1 year Risk Owner: Chief Shared Services Officer <div data-bbox="284 1350 529 1525" style="text-align: center;"> <p>Score</p> <p>32</p> <p>Low</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> Outside Appetite Within Tolerance 	<p>Causes & Context</p> <p>Leadership values & communication. Working in silos. Uncertainty of the reconfiguration process. Uncertainty on the organisational structure.</p> <p><i>Treatment Approach:</i></p> <p><i>Change Management Programme</i></p> <p><i>Effective communication</i></p> <p><i>Formalised organisational structure</i></p>	<p>Process perspective:</p> <p>SO4: Improve stakeholder engagement</p> <p>Organisational capacity perspective:</p> <p>SO11: Improve work culture</p> <p>Outcomes:</p> <p>Stakeholder Understanding and Support</p> <p>Operational Optimisation</p> <p>Enterprise Resiliency</p> <p>Product Quality</p> <p>Employee and Leadership Development</p>
6	<p>Security of all assets</p> <ul style="list-style-type: none"> Overall Response Effectiveness: Good 85% Severity: Moderate-High: 40 Probability: 65% Even probability and/or could occur within 1-2 years Risk Owner: Chief Shared Services Officer 	<p>Cause & Context:</p> <p>Physical assets: Breach of/ damage to/ loss of physical assets. Illegal settlements, land claims and encroachments on properties and servitudes. Injury and loss of human capital.</p> <p>Service delivery protests may affect site accessibility or cause damage to infrastructure. Remote locations that are difficult to secure or monitor theft and vandalism. Site disruptions.</p>	<p>Customer & stakeholder perspective:</p> <p>SO2: Improve customer value</p> <p>Process perspective:</p> <p>SO8: Improve product and service quality</p> <p>Organisational capacity perspective:</p> <p>SO10: Improve the use of data and technology</p> <p>SO12: Increase supply security</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
	<div style="text-align: center;"> <p>Score</p> <div style="background-color: #28a745; color: white; padding: 5px; border-radius: 10px; display: inline-block;"> <p>26 Low</p> </div> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> • Outside Appetite <p>Within Tolerance</p>	<p>Personal safety and occupational health and safety hazards.</p> <p>Sustainability of natural resources: air, land water, energy. Deterioration in the state and the stress of environmental systems: the vital environmental systems – air, land, water and energy- that the Issuer depends upon are not maintained at healthy levels and/or levels are deteriorating.</p> <p>Increased human vulnerability to environmental (climate) stress: people and social systems impacted by or that impact on the Issuer are vulnerable to environmental disturbances that affect basic human well-being.</p> <p>Information Assets: Loss of/damage to information assets and resources. Cyber-attacks and social engineering. Sabotage. Inappropriate use or transmission of confidential data. Breach of confidentiality.</p> <p>Business forums and Military Veteran disruptions. Threats to stop infrastructure implementation. Theft of copper cables leading to disruption of connectivity. Loadshedding.</p> <p>Ecological Infrastructure Assets: Damage, degradation and deterioration of ecological infrastructure due to pollution and land use activities.</p> <p><i>Treatment Approach:</i></p> <p><i>Physical Assets: Implementation of physical security measures, processes and procedures:</i></p> <ul style="list-style-type: none"> • <i>Security contracts are in place</i> • <i>Implementation and monitoring of three National Key Points sites.</i> • <i>Perimeter fences and CCTV camera systems.</i> • <i>Chambers and tunnel kiosks are locked to minimise tampering of valves and to prevent entry to chambers.</i> • <i>Monitoring of inflows/outflows of raw and potable water pipelines and reservoirs to detect reduction in volumes and pressure, which</i> 	<p>Outcomes:</p> <p>Community Sustainability Stakeholder Understanding and Support Operational Optimisation</p> <p>Enterprise Resiliency</p> <p>Product Quality</p> <p>Employee and Leadership Development</p> <p>Water Resources Sustainability</p> <p>Infrastructure Strategy and Performance</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
		<p><i>could indicate that there has been tampering with infrastructure.</i></p> <ul style="list-style-type: none"> <i>Establish and maintain good relationship with provincial and local SAPS.</i> <i>Gather intelligence.</i> <i>Identification of hot spot areas & project sites.</i> <i>Deployment of additional resources.</i> <p><i>Planned maintenance, implementation of asset management plans and monitoring of infrastructure by Asset Management staff. Housing & Accommodation Policy. Implementation of the Servitude Management Plan. Implementation of the Occupational Health and Safety Management System (ISO 45001-Clause 7.1: Resources which deals with security of physical and or human resources. Engagement with stakeholders and communities.</i></p> <p><i>Information Assets: Implementation of information Technology related policies and strategies. Cyber security: implementation.</i></p> <p><i>Sustainability of natural resources: Implementation of the Environmental Sustainability plan. Monitoring of status on security of natural resources.</i></p>	
7	<p>Financial Viability</p> <ul style="list-style-type: none"> Overall Response Effectiveness: Good 70% Severity: Moderate-High 26 Probability: 65% Even probability and / or could occur within 1-2 years Risk Owner: Chief Financial Officer <div data-bbox="288 1733 525 1899" style="text-align: center;"> <p>Score</p> <p>10</p> <p>Low</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> Outside Appetite Within Tolerance 	<p>Cause & Context:</p> <p>Financial viability of organisation. Infrastructure Investment. Debtor's collections. Business model. Cash flow. Inability to raise funding.</p> <p>Opportunity:</p> <p>Sustainable growth. Service provision. Leveraging debt. Tariff increase are not cost reflective. Economic down turn could result in the inability to recover debt, access capital at affordable interest rates and affect revenue generation affecting the ability to implement a sustainable tariff. Reliance on major customer eThekwini.</p> <p><i>Treatment Approach:</i></p>	<p>Customer & stakeholder perspective:</p> <p>SO1: Improve stakeholder value</p> <p>SO2: Improve customer value</p> <p>Financial perspective:</p> <p>SO3: Improve financial sustainability</p> <p>Process perspective:</p> <p>SO4: Improve stakeholder engagement</p> <p>SO5: Improve governance processes</p> <p>Outcomes:</p> <p>Customer Satisfaction</p> <p>Stakeholder Understanding and Support</p> <p>Community Sustainability</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
		<p><i>Sustainable tariff model for potable water.</i></p> <p><i>Annual tariff review.</i></p> <p><i>Operating cost plan.</i></p> <p><i>Monitoring and reporting on payment plans and cash flows.</i></p> <p><i>Developing and implementing debt collection programme for all customers.</i></p> <p><i>Grant funding to support social investment in projects.</i></p> <p><i>Revenue Enhancement strategies.</i></p> <p><i>Business case for all projects.</i></p>	<p>Financial Viability</p> <p>Operational Optimisation</p> <p>Enterprise Resiliency</p> <p>Product Quality</p> <p>Employee and Leadership Development</p> <p>Water Resources Sustainability</p> <p>Infrastructure Strategy and Performance</p>
8	<p>Compliance with laws and regulations</p> <ul style="list-style-type: none"> • Overall Response Effectiveness: Reasonable 69% • Severity: Minor- Low: 5 • Probability: 65% Even probability and/or could occur within 1-2 years • Risk Owner: G Chief Governance and Compliance Officer <div data-bbox="280 1106 534 1279" style="border: 1px solid black; padding: 5px; text-align: center;"> <p>Score</p> <p>3</p> <p>Low</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> • Outside Appetite • Within Tolerance 	<p>Cause & Context:</p> <p>Material misstatements; material irregularities or adjustments to financial statements, inconsistency in performance results against pre-determined objectives. Non-compliance to laws, regulations, policies and procedures as a result of dishonest behaviour and/or poor performance. Ever changing regulatory environment and the lack of agility to adapt to the operating environment by aligning and implementing policies and procedures. Non-renewal of licences. Lack of understanding, misinterpretation or non-compliance to procurement processes and contract management, as required by regulations.</p> <p>Poor document management system control.</p> <p>Inadequate and untimely consequence management. Outdated SOPs not aligned to latest laws and regulations. Lack of adherence to controls. Increase in irregular expenditure, fruitless and wasteful expenditure.</p> <p><i>Treatment Approach:</i></p> <p><i>Strategic oversight and combined assurance framework.</i></p> <p><i>Assurance of compliance through:</i></p> <ul style="list-style-type: none"> • <i>On-going assessment of control effectiveness.</i> • <i>Compliance to policies and procedures and monitoring of the compliance .</i> 	<p>Customer & stakeholder perspective:</p> <p>SO1: Improve stakeholder value</p> <p>Process perspective:</p> <p>SO5: Improve governance processes</p> <p>SO8: Improve product and service quality</p> <p>Outcomes:</p> <p>Customer satisfaction</p> <p>Stakeholder Understanding and Support</p> <p>Community Sustainability</p> <p>Operational Optimisation</p> <p>Enterprise Resiliency</p> <p>Product Quality</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
		<ul style="list-style-type: none"> • <i>Proactive policy review process.</i> • <i>Regulatory analysis and updating of the Regulatory Universe.</i> • <i>Delegation of Authority.</i> • <i>Implementation of the Integrated Ethics Management Framework.</i> • <i>Focussed training on Supply Chain Management.</i> • <i>Tracking of licenses and/or permits.</i> 	
9	<p>Employee well-being</p> <ul style="list-style-type: none"> • Overall Response Effectiveness: Very Good 90% • Severity: Negligible: 1 • Probability: 80% Likely and/ or could occur within 1 year. • Risk Owner: Chief Shared Services Officer <div data-bbox="280 987 533 1162" style="text-align: center;"> <p>Score</p> <p>1</p> <p>Low</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> • Within Appetite • Within Tolerance 	<p>Cause & Context:</p> <p>Mental wellbeing (financial, personal challenges, high stress levels). Poor work-life balance. Unhealthy life style and communicable diseases. Poor job design including control over work. Overtime and number of hours worked.</p> <p>Failure to provide employees with social support. Conflict between work and family commitments. Perceived fairness and justice at work. Job insecurity and uncertainty of the future.</p> <p><i>Treatment Approach:</i></p> <p><i>Employee Assistance Programs.</i></p> <p><i>Policies aligned to the basic conditions of employment.</i></p> <p><i>Wellness programmes.</i></p>	<p>Organisational capacity perspective:</p> <p>Process perspective:</p> <p>SO6 Improve internal efficiency and effectiveness</p> <p>Organizational perspective:</p> <p>SO11 Improve work culture</p> <p>Outcomes:</p> <p>Customer Satisfaction</p> <p>Stakeholder Understanding and Support</p> <p>Community Sustainability</p> <p>Financial Viability</p> <p>Operational Optimisation</p> <p>Enterprise Resiliency</p> <p>Product Quality</p> <p>Employee and Leadership Development</p> <p>Water Resources Sustainability</p> <p>Infrastructure Strategy and Performance</p>
10	<p>Skills shortage</p> <ul style="list-style-type: none"> • Overall Response Effectiveness: Good 70% • Severity: Negligible: 1 • Probability: 50% Fairly poor and/or could possibly occur within 2 years • Risk Owner: Chief Shared Services Officer <div data-bbox="280 1798 533 1973" style="text-align: center;"> <p>Score</p> <p>1</p> <p>Low</p> </div> <p>Risk Appetite and Tolerance</p> <ul style="list-style-type: none"> • Within Appetite 	<p>Cause & Context:</p> <p>Non-competitive remuneration structure leading to unaffordability of skills. Under-investment in skill development. Failure to attract digitally wise and/or adaptive workforce. Competitive external employment opportunities. Difficulties in recruiting key personnel (Executives). Failure to attract scarce and critical skills.</p> <p>Too much reliance on consultants.</p> <p><i>Treatment Approach:</i></p> <p><i>Competitive remuneration structure.</i></p> <p><i>Internal and external recruitment and research.</i></p>	<p>Organisational capacity perspective:</p> <p>Process perspective:</p> <p>SO5 Improve governance processes</p> <p>SO7: Increase customers and services</p> <p>SO8 Improve product and service quality</p> <p>Outcomes:</p> <p>Customer Satisfaction</p> <p>Stakeholder Understanding and Support</p> <p>Community Sustainability</p> <p>Operational Optimisation</p> <p>Enterprise Resiliency</p>

Risk #	Risk Name, Score and Status	Cause, Context and Treatment	Main Strategic, Perspective, Strategic Objectives (SO) and Outcomes Impacted
	<ul style="list-style-type: none"> • Within Tolerance 	<i>Skills transfer from consultant services.</i>	Product Quality Employee and Leadership Development Water Resources Sustainability Infrastructure Strategy and Performance

2. RISKS RELATING TO THE ISSUER'S INDUSTRY

The abovementioned risks may be experienced by other water boards in South Africa. Furthermore the impact of climate change remains on the radar as a major risk the Issuer and other water boards may also face.

3. THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

3.1. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- 3.1.1. have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;
- 3.1.2. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- 3.1.3. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- 3.1.4. understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- 3.1.5. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

3.2. Some Notes could be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial and legal adviser) to evaluate how the Notes will

perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

3.3. Certain Notes may be held in the CSD

3.3.1. Each Tranche of Notes listed on the JSE, may be issued in registered uncertificated form and will be held in the Central Securities Depository ("CSD"). The Noteholders of such Notes must rely on the procedures of the JSE and the CSD for transfer, payment and communication with the Issuer. Except in the circumstances described in the Terms and Conditions, the Noteholders of such Notes will not be entitled to receive Individual Certificates.

3.3.2. The CSD would maintain records of the Beneficial Interests in Notes held in the CSD. While Notes are held in the CSD, the holders of Beneficial Interests in such Notes will be able to trade their Beneficial Interests in such Notes only through the CSD. While Notes are held in the CSD, the Issuer will discharge its payment obligations under such Notes by making payments to or to the order of the CSD's Nominee (as the registered holder of such Notes), for distribution, via the CSD Participants, to the holders of Beneficial Interests in such Notes. A holder of a Beneficial Interest in Notes must rely on the procedures of the CSD and CSD Participants to receive payments under such Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

4. **THERE IS NO ACTIVE TRADING MARKET FOR THE NOTES**

The Notes issued with the Programme Memorandum will be new securities which may not be widely distributed and for which there is currently no active trading market. While application may be made for the Notes to be traded on the JSE or on such other Financial Exchange(s) as may be determined by the Issuer, there can be no assurance that the Issuer will be able to maintain such listing or that a trading market will develop for the Notes. If the Notes are traded after their initial issuance, they may trade at a discount or premium to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general political and economic conditions, the condition of the financial sector, the financial condition of the Issuer, the Issuer's financial performance and future prospects.

5. **THE NOTES MAY BE REDEEMED PRIOR TO MATURITY**

5.1. In the event that the Issuer is obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any taxes, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

- 5.2. In addition, if the Terms and Conditions provide that Notes are in certain circumstances redeemable prior to the Maturity Date, the Notes may be redeemed at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

6. RISKS RELATING TO NOTES GENERALLY

6.1. Change of law

No assurance can be given as to the impact of any possible judicial decision or change to South African law or the law of any other jurisdiction or administrative practice after the issuance of the Notes.

6.2. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

6.3. Foreign Exchange Control

Foreign derived loan capital or equity capital may be introduced into South Africa through a formal system of Exchange Control as summarised in the section headed "South African Exchange Control" of this Programme Memorandum. However, unless the prior approval of the South African Reserve Bank has been obtained, the proceeds from the sale of assets in South Africa owned by a non-resident are not remittable to the non-resident.

7. FINANCIAL MARKETS

- 7.1. A prospective investor of the Notes should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary markets for instruments similar to the Notes. The Issuer cannot predict if and when these circumstances will change, and if and when they do, whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in future.

- 7.2. Volatility in the financial markets around the world, and the after-effects on the global economy usually lead to more difficult earning conditions for the financial sector. The resultant impact

on earnings, or even failures of financial institutions around the globe are followed by action from governmental authorities, regulators and central banks internationally. The COVID-19 pandemic and resultant lockdowns were no exception and the after-effect of these events continue to impact South Africa in much the same way as it has across the globe as uncertainty around inflation and growth continue and economies struggle to recover.

7.3. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The issuer's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the issuer's reputation. The management of liquidity shall include reviewing economic forecasts and information on a regular basis to ensure accuracy of information, that the Issuer is proactive and will ensure the necessary liquidity is maintained

7.4. Operational risk

7.4.1. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes the risk of inadequate or ineffective processes of internal control, risks related to people, systems and processes, regulatory compliance and legal and business continuity.

7.4.2. The daily operations of the Issuer may result in financial loss, adverse regulatory consequences or reputational damage due to a variety of operational risks including business decisions, technology risk (including business systems failure), risks due to loadshedding (unable to pump water where the system is not gravity fed) fraud, compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal and litigation risk, data integrity and processing risk, managing conflicts of interests and key person risk.

SOUTH AFRICAN EXCHANGE CONTROL

Words used in this section headed “South African Exchange Control” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The information below is intended as a general guide to the current position under the Exchange Control Regulations as at the date of the Programme Memorandum. The contents of this section headed “South African Exchange Control” do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisors in this regard.

In this section, “**Common Monetary Area**” means South Africa, Lesotho, Namibia and Eswatini.

Non-South African resident Noteholders and emigrants from the Common Monetary Area

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the applicable Terms and Conditions may be subject to the Exchange Control Regulations.

Emigrant Capital Accounts

Funds in an Emigrant Capital Amount may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with funds from an Emigrant Capital Account may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

Emigrants from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed “emigrant”. Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant’s blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the CSD, the securities account maintained for such emigrant by the relevant Participant will be designated as an “emigrant” account.

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder’s Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed “non-resident”. In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the CSD, the securities account for such Noteholder by the relevant Participant will be designated as a “non-resident” account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident’s nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed “non-resident” or the relevant securities account has been designated as a “non-resident” account, as the case may be.

Exchange Control – Issuer

As at the date of this Programme Memorandum, the Issuer does not require exchange control approval for this Programme.

SOUTH AFRICAN TAXATION

Words used in this section headed “South African Taxation” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The comments below are intended as a general guide to the relevant tax laws of South Africa as at the date of the Programme Memorandum. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in that country or elsewhere. South African tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect.

The contents of this section headed “South African Taxation” do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisors in this regard.

Income Tax

Under current taxation law effective in South Africa, a “resident” (as defined in section 1 of the South African Income Tax Act, 1962 (the “**Income Tax Act**”) is subject to income tax on his/her worldwide income. Accordingly, all holders of Notes who are “residents” of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty). Interest derived income is from a South African source if that amount constitutes “interest” as defined in section 24J of the Income Tax Act where that interest:

- (a) is attributable to an amount incurred by a person that is a South African resident, unless the interest is attributable to a permanent establishment which is situated outside South Africa; or
- (b) is received or accrues in respect of the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of “interest bearing arrangement”.

Accordingly, if the interest payments in respect of the Notes are from a South African source as set out above, the interest earned by a non-resident Noteholder will be subject to South African income tax unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 24J of the Income Tax Act, any discount or premium to the Nominal Amount of a Tranche of Notes is treated as part of the interest income on the Notes. Interest income which accrues (or is deemed to

accrue) to the Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day to day basis until that Noteholder disposes of the Notes or until maturity. This day-to-day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. The interest income deemed to accrue to a non-resident Noteholder in terms of section 24J of the Income Tax Act may qualify for the exemption under section 10(1)(h) of the Income Tax Act.

In terms of section 24JB of the Income Tax Act, specific provisions dealing with the taxation of financial assets and liabilities of "covered persons" apply in respect of years of assessment ending on or after 1 January 2014. Noteholders should seek advice as to whether these provisions may apply to them.

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which is not a resident of South Africa during any year of assessment, is exempt from income tax, unless:

- (a) that person is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty-three) days in aggregate during the twelve-month period preceding the date on which the interest is received or accrues by or to that person; or
- (b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, an exemption from, or reduction of any income tax liability may be available under an applicable double taxation treaty.

Section 8F of the Income Tax Act applies to "hybrid debt instruments", and section 8FA of the Income Tax Act applies to "hybrid interest" as these terms are defined in the Income Tax Act. Section 8F and 8FA provides that interest incurred on a hybrid debt instrument and hybrid interest are, for purposes of the Income Tax Act, deemed to be a dividend in specie. If either of these provisions apply the tax treatment of the interest will differ from what is set out above and such payments may be subject to dividends tax as a result of the deemed classification as dividends in specie. These provisions apply from 1 April 2014 in respect of amounts incurred on or after this date.

Noteholders should seek advice as to whether these provisions may apply to them.

Certain entities may be exempt from income tax. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the interest income earned on the Notes will be exempt from South African income tax.

Capital Gains Tax

The disposal of Notes by residents of South Africa may be subject to capital gains tax, the provisions of which are contained in the Eighth Schedule to the Income Tax Act. The provisions relating to capital gains tax apply in respect of the disposal of any asset by certain taxpayers. The word "dispose" is defined in the Eighth Schedule to the Income Tax Act to include, *inter alia*, any action by virtue of which an asset is created,

transferred, varied or extinguished. If an asset was acquired, is held and will be disposed of on a speculative basis or as part of a scheme of profit making, the gain should generally be subject to normal tax. Capital gains tax is imposed at lower effective rates in comparison to income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss. Under section 24J(4A) of the Income Tax Act a loss on disposal will, to the extent that it has previously been included in income (as interest), be allowed as a deduction from the income of the holder when it is incurred and accordingly will not give rise to a capital loss.

The capital gains tax provisions contained in the Eighth Schedule to the Income Tax Act will not be applied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are effectively connected to a permanent establishment of that person in South Africa.

The disposal of Notes by residents of South Africa may give rise to capital gains tax implications.

The capital gains tax provisions would not apply to the extent that the Noteholder were to constitute a "covered person" and section 24JB of the Income Tax Act (refer above) applied to the Note.

Purchasers are advised to consult their own professional advisors as to whether a disposal of Notes will result in a liability to capital gains tax.

Securities Transfer Tax ("STT")

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 (the "**STT Act**") because the Notes do not constitute "securities" as defined in the STT Act. Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of Notes will be for the account of holders of the Notes.

Value-Added Tax

No value-added tax ("**VAT**") is payable on the issue or transfer of the Notes. In terms of section 2 of the Value-Added Tax Act, 1991 (as amended from time to time) ("**VAT Act**"), the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security as well as the buying and selling of derivatives, constitute a financial service, which is exempt from VAT in terms of section 12(a), read with section 2 of the VAT Act.

Commission, fees or similar charges for the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes will be subject to VAT at the standard rate (currently 15% (fifteen percent)), except where the recipient is a non-resident and the requirements for the application of the zero rate are met.

Investors are advised to consult their own professional advisors as to the VAT impact of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of the Notes, and related fees, in their hands.

Withholding tax

The interest withholding tax, imposed at the rate of 15% (fifteen percent), applies to any amount of any interest that is paid by any person to or for the benefit of any foreign person to the extent that such amount of interest is from a South African source in terms of the Income Tax Act, and applies to interest that is paid or that becomes due and payable on or after 1 March 2015. For the purposes of the withholding tax, a "foreign person" is defined as any person that is not a South African tax resident. Accordingly, to the extent that any interest is paid to Noteholders who are South African tax residents, the withholding tax will not apply.

An exemption from the withholding tax on interest applies in respect of any debt listed on a recognised exchange, including any debt listed on the JSE Limited.

Definition

The references to "interest" above mean "interest" as understood in South African tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

References to "*person*" above shall mean "*person*" within the meaning given in section 1 of the Income Tax Act.