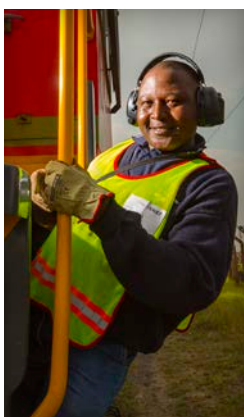
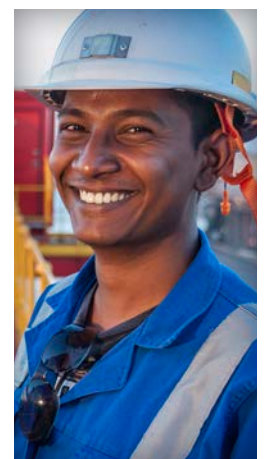


TRANSNET



GOVERNANCE  
REPORT  
2020



# Governance Report for the 2019/20 financial year



## Contents

- 1 The role of the Board of Directors
- 2 Frameworks and governance philosophy
- 10 Our Board members
- 18 Governance in action
- 32 Regulatory compliance universe

### King IV<sup>TM1</sup> references

We have included references to King IV principles where appropriate in this report.



P = Principle

King IV Report on Corporate Governance for South Africa 2016

<sup>1</sup> The King IV Report on Corporate Governance for South Africa<sup>TM</sup>. The copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.



# The role of the Board of Directors



King IV.P1

## Ethical, effective leadership and corporate citizenship

The Board of Directors (the Board) is principally responsible for directing and overseeing the business of Transnet SOC Ltd (the Company), balancing the interests of our stakeholders, and ensuring the Company's long-term economic, social and environmental sustainability.

The Board also serves as the deemed Board of the Transnet National Ports Authority (TNPA) in terms of the National Ports Act, No 12 of 2005.

Through its Chairperson, the Board also serves as the Shareholder of Transnet International Holdings SOC Ltd (incorporated on 29 August 2017 as a wholly owned subsidiary of Transnet SOC Ltd), which is currently dormant.

As a State-owned Company (SOC) reporting to the Minister of Public Enterprises (the Shareholder Minister), Transnet annually enters into a Shareholder's Compact with Government, represented by the Shareholder Minister. The Shareholder's Compact mandates the Company to deliver on numerous strategic deliverables, a process which the Board oversees. The Board leads the Company in achieving its strategic objectives by approving and directing the Company's overall strategy and associated operational objectives. It monitors the Company's performance against the targets outlined in the Shareholder's Compact and ensures that adequate processes are in place for budget planning and allocation to advance the Company's mandate, which includes overseeing the Company's socio-economic programmes. The Board is tasked with ensuring that the Company can achieve its statutory and commercial objectives.

The Board is accountable for leading the organisation ethically and effectively. The qualities of integrity, competence, responsibility, fairness and transparency are cultivated and exhibited through compliance with legislation, applicable policies, rules and binding codes, underscoring its responsibilities as a good corporate citizen. The Board is committed to executing the Company's strategy in line with the King IV principles which espouse ethical leadership, corporate citizenship, sustainable development, stakeholder inclusivity, integrated thinking and integrated reporting.

## Board committees



King IV.P8

In line with the requirements of the Companies Act, No 71 of 2008 (the Companies Act) and to ensure that delegation within the Board's own structures promotes independent judgement and assists with

the balance of power and effective discharge of its duties, the Board established the following committees to assist it in achieving the Company's objectives:

- Audit Committee
- Corporate Governance and Nominations Committee
- Risk Committee
- Finance and Investment Committee
- Remuneration, Social and Ethics Committee

The Board has sub-delegated some of its authority to these committees through the Delegation of Authority (DOA) Framework and the committees' respective mandates. The mandates set out the roles and responsibilities of the Board and the committees and are achieved through the execution of the Annual Work Plans, effective meetings, periodic Board strategy workshops, site visits and deep dive sessions.

## Governance context



King IV.P1, P6 &amp; P13

Governance should be underpinned by effective leadership, oversight and management accountability based on a sound ethical foundation. The Board continuously strives to ensure adherence to good governance principles when executing the Company's mandate in line with its strategic direction. The Board considers the opportunities and risks facing the Company according to its overarching risk appetite. The Board oversees the implementation of the Company's strategy and ensures that the recommended corrective actions appropriately address identified challenges.

The Board has a duty to ensure that the Company complies with all the legislative and regulatory requirements of the Companies Act, the Public Finance Management Act, No 1 of 1999 (the PFMA) and the King IV Report on Corporate Governance for South Africa, 2016. These laws, rules, codes and standards should be interpreted in the context of good governance and the compliance universe applicable to the Company. Where required, the Board determines legislative priorities and, in instances of conflict in legislation, the PFMA prevails.

The Board approves an annual Corporate Plan, including the budget that covers a rolling seven-year period. The Corporate Plan addresses changing commercial and operational circumstances while taking evolving economic conditions into account. As the Shareholder, the Government requires dividends, investment returns and other economic, developmental and infrastructural deliverables that are in the interests of South Africa. The Company further supports the implementation of Government policies and the delivery of socio-economic imperatives.

# Frameworks and governance philosophy



King IV. P3

The Board sets the tone for ethical leadership, which forms the foundation for good corporate governance. Sound governance principles and processes define and direct the responsibilities of the Board and actively drive a sustained governance culture throughout the Company that is based on associated ethical norms and standards. The Company operates within the following control objectives as envisaged by King IV:

## Leadership, oversight and accountability



King IV. P1, P6 & P11

Ethical leadership, oversight, and accountability are instituted through the appointment of the Board and the determination of the Board's strategic and operational objectives. The following oversight deliverables were achieved during the year under review:

- The Corporate Governance and Nominations Committee strictly monitored the Shareholder's Compact.
- The roles of the Chairperson and Group Chief Executive are segregated as recommended by King IV.
- A formal induction and training programme for the Board was implemented. Training and development needs identified by the Board and its committees were incorporated into training programmes.
- Appropriate disclosure of the remuneration of directors was made in the 2020 Integrated Report, in line with applicable laws and regulations.
- Sound governance principles were adopted, with the assistance of a competent, suitably qualified and experienced acting Group Company Secretary.
- Appropriate risk and governance frameworks and methodologies were implemented to enhance the Company's ability to anticipate and respond to unpredictable risks and identified opportunities.
- The information technology (IT) strategy and associated risks were reviewed.

Further key activities performed by the Board and its committees are set out in the Governance in action section from page 18.

## Structure



King IV. P6

The Board has identified and implemented appropriate governance structures to meet its responsibilities in line with all legislative and regulatory requirements. These governance structures operate within the approved Board and committee mandates, with clear authority and delegation levels and in alignment with the aforementioned statutes and best practice. The performance of the governance structures is assessed annually through the Board's independent evaluation process and through self-assessments.

## Effective meetings



King IV. P6

The Board and its committees meet regularly as prescribed by their respective mandates. The meetings are facilitated by the Group Company Secretariat and are planned for the financial year in the approved Annual Work Plans and corporate calendar. Special meetings may be convened at the request of the Chairperson or any member, when necessary and within the limits set by the Board. All meetings are managed by the respective Chairpersons and are well attended. Timely, relevant and accurate information is provided to the Board and its committees.

The minutes of the Board and committee meetings are circulated for comment in accordance with the mandates and approved in subsequent meetings. The digitisation of meeting packs has introduced real-time availability of information in preparation for meetings. The meeting attendance of the Group Executive Committee (Exco) and the Board as well as decisions taken by the Board and its committees are reported quarterly to the Shareholder.

## Monitoring



King IV. P1, P12, P13 & P15

The Board monitors the implementation of the Company's revised strategy and ensures that corrective action is taken as required. This includes:

- Monitoring performance against key performance indicators for each strategic objective in relation to the Shareholder's Compact;
- Obtaining assurance that internal control systems are effective;

- Performing regular risk identification assessments;
- Ensuring that the Company complies with all legislative and regulatory requirements, and adheres to non-binding rules, codes and standards;
- Delegating the implementation of an effective compliance framework and process to management;
- Ensuring that there is an effective risk-based internal audit function. Internal Audit provides a written assessment of the Company's system of internal controls and risk management in the Integrated Report;
- Overseeing information and communications technology (ICT) governance;
- Investing in appropriate IT infrastructure;
- Evaluating significant investments and expenditure; and
- Ensuring that information security and assets are effectively managed.

## Communication



King IV. P16

Management ensures that relevant and accurate information is communicated within the governance structures and to relevant stakeholders. Amongst others, this is achieved through the:

- Defined and approved information flow within the governance structures;
- Approved stakeholder communication guidelines; and
- Approved Annual Financial Statements and the Integrated Report.

## Governance framework



King IV. P1, P10 & P13

The Board governs and directs compliance with applicable laws and adopts non-binding rules, codes and standards. The Company has adopted the King IV principles in conjunction with regulatory provisions to achieve the overarching principles of sound governance, namely responsibility, accountability, fairness and transparency. The adoption is substantive and not simply in form so that its decisions and actions impact positively on the Company and its stakeholders, which include its employees, the communities in which it operates, suppliers, customers and the public at large. Continuous initiatives to fully comply with the King IV principles are being executed and regularly reviewed.

## Registration

As a SOC, Transnet complies with the specific requirements of the Companies Act, namely sections 88(2) (e) and (f) in relation to filing the required returns and notices and to ensure that the audited Annual Financial Statements are made available to the Shareholder Minister.

## Transparency, accountability and integrity

The PFMA, the Companies Act and the Protection of Personal Information Act, No 4 of 2013 (POPIA) provide specific requirements pertaining to the Company's records management practices, such as Interim Financial Results and Annual Financial Statements that satisfy the International Financial Reporting Standards, and for the audited Annual Financial Statements to be submitted to the relevant authorities within five months of the financial year end. To that end, the Company finalises its Annual Financial Statements within legislative timelines and ensures that the Shareholder Minister has timely access to those audited Annual Financial Statements.

The Company has developed procedures and systems to ensure early adoption of the POPIA.

## Governance of a SOC

The Shareholder's rights are represented according to the stipulations of the PFMA and the Companies Act, and associated procedures are in place to govern the activities of the Board. The Board holds meetings in accordance with stipulations of the Companies Act and the National Ports Act for its deemed Board activities on behalf of the TNPA.

## Appointment of directors

The Company, through the Shareholder Minister, adheres to the prescribed requirements for the Board's composition and the election, appointment and remuneration of the Board members. The Corporate Governance and Nominations Committee is responsible for the succession planning of the Board (based on the related skills requirements and skills matrix) for recommendation to the Shareholder Minister.

The Company has provided indemnification and insurance for directors and prescribed officers, the extent and adequacy of which are reviewed annually.

## Non-executive directors

A non-executive director shall hold office for a term of three years from the date of his/her appointment, subject to confirmation of his/her appointment at the Company's annual general meeting. No person can be appointed as a non-executive director for more than three consecutive terms. The Board shall consist of not less than two executive directors who shall include the Group Chief Executive and the Group Chief Financial Officer. The Board shall at all times consist of a majority of non-executive directors.

Ms Ramasela Joyce Ganda resigned as a non-executive director of the Company with effect from 31 March 2020.

## Appointment of the Group Chief Executive

Ms Portia Penelope Joy Derby was appointed as the Group Chief Executive and an executive director of the Company with effect from 1 February 2020.

## Specific governance requirements



King IV. P13

## PFMA

The PFMA outlines the fiduciary duties and responsibilities of the Board members and requires that the Board serves as the Company's accounting authority. The Company is identified as a major business entity and is listed under Schedule 2 of the PFMA. The Board ensures that the Company adheres to the requirements for the assessment of risk, the annual budget submissions, and the conclusion of the annual Shareholder's Compact. The Board also ensures that the Company adheres to all procedures for quarterly reporting to the executive authority through the submission of quarterly PFMA reports to the Shareholder Minister.

## Companies Act

The Company reports on the extent of its compliance with the Companies Act in the Directors' Report in the Annual Financial Statements.

## Prescribed officers

The Company has defined its prescribed officers as Exco members (see Group Executive Committee members for brief profiles on pages 36 and 37 of the 2020 Integrated Report). They are deemed to exercise or regularly participate in the executive control of the Company as contemplated in the Companies Act and its regulations. The recruitment of prescribed officers has been elevated to Board level for approval, with the involvement of the

Remuneration, Social and Ethics Committee. The Shareholder is required to view the role description of executive directors for information purposes before these are advertised. The disclosure on the remuneration of prescribed officers is set out on page 143 of the 2020 Integrated Report.

## Remuneration, Social and Ethics Committee

The Company has a Social and Ethics Committee, namely the Remuneration, Social and Ethics Committee, which is a committee of the Board in compliance with the Companies Act. The committee's activities are in line with the regulations outlined in section 72(4) of the Companies Act. A report is submitted to the Companies and Intellectual Property Commission to account for the activities undertaken by the committee for the period under review, as and when required.

## Audit Committee

The Company complied with the Companies Act for the functioning and reporting of the Audit Committee during the year under review. PFMA requirements for the composition and election of the Audit Committee are strictly observed.

## King IV

The Company has adopted the King IV governance principles in conjunction with regulatory provisions to achieve the overarching principles of sound governance, namely an ethical culture, good performance, effective control as well as operational and social legitimacy. The Company attempts to do so substantively and not simply in form so that its decisions and actions impact positively on the Company and its stakeholders, which include its employees, the communities in which it operates, suppliers, customers and the public at large.

The Board has adopted The Global Platform for Intellectual Property's Governance Assessment Instrument to monitor the extent to which the Company has applied the King IV principles. Transnet has adhered to some of the King IV principles and recommendations as evidenced in the 2020 Integrated Report, Remuneration Report and Stakeholder Engagement Report.

The Company's governance instruments include the following:

- In line with the provisions of the Companies Act, the Memorandum of Incorporation (MOI) contains matters that are specifically reserved for the Board's decision.
- The DOA Framework is reviewed annually, or as and when required in line with business requirements, for adequacy and completeness and is approved by

the Board. The review takes cognisance of the Company's strategic objectives. The DOA Framework contains Board-reserved matters and those delegated to committees and the Group Chief Executive.

- Mandates of the Board and its committees, which are aligned with the MOI, the provisions of the Companies Act and the DOA Framework. Similarly, the mandates of the Group Executive Committee and its subcommittees are aligned with the current DOA Framework and the mandates of the Board and its committees.
- Board-approved policies and procedures.
- The Corporate Governance Framework.

## Compliance



King IV. P1, P3 & P13

The Company recognises its accountability to all its stakeholders under the regulatory requirements applicable to its business and is committed to high standards of integrity in the conduct of its business. In view of the importance of complying with the ever-increasing universe of regulatory requirements and the increased national and international emphasis placed on the control thereof, the Board, Group Executive Committee, management and employees are regularly apprised of the compliance requirements.

Transnet's compliance function and Compliance Policy are aligned to the Company Policy Framework. The Compliance Policy forms the foundation of the Company Policy Framework, which sets out the standards for reviewing the Company's policies. The Company considers non-compliance with legislative and regulatory requirements as a key risk as it not only exposes the Company to fines and civil claims, but can also result in a loss of operational licences and cause reputational harm. The PFMA requires the Board to ensure that the Company and its employees comply with the provisions applicable to Schedule 2 companies as well as any other applicable legislation. The compliance function therefore identifies, assesses and monitors critical controls associated with regulatory requirements, statutory licences, and codes and standards applicable to the Company. Compliance matters are managed at the Corporate Centre and within the Operating Divisions.

The Risk Committee is mandated to review and approve the Company's compliance plan, which details procedures for identifying regulatory risks and monitoring compliance with applicable regulatory requirements. The compliance plan is aligned to the Company's strategy to mitigate compliance risk exposures emerging from the execution of its strategy.

## Management of potential conflicts of interest



King IV. P13

The Companies Act codifies the fiduciary duties of directors and prohibits the use of position, privileges and/or confidential information for personal gain or to benefit another person improperly. The Board continuously reviews and improves governance instruments to ensure continued adherence to the prescribed standards of ethical and professional conduct.

Where a director or a prescribed officer has any direct or indirect personal or private business interest in a particular matter, that director or prescribed officer must be recused from the proceedings when the matter is considered, unless the Board, Board committee or Group Executive Committee and its subcommittees, as the case may be, decides that the member's interest in the matter is trivial or irrelevant. The declaration of interest and related party disclosures registers are signed by the members and attendees at all formal meetings of the Board as well as the Group Executive Committee and its subcommittees. These registers are maintained by the Group Company Secretariat. In addition, non-executive directors, the Group Executive Committee members, Extended Executive Committee members, line management (levels C to F) and any employee who has an interest in a company, either directly or indirectly, are required to file an annual declaration of interest form with the Group Company Secretariat at the beginning of each financial year or within 30 days from date of appointment. Any changes in interests during the year necessitate the filing of a revised declaration of interest form.

The Board and the Group Executive Committee note their respective annual declarations of interest and related party disclosures registers. The Corporate Governance and Nominations Committee and the Remuneration, Social and Ethics Committee conduct annual reviews of the filed declaration of interest forms of the Board and Group Executive Committee members for oversight purposes.

The declaration of interest process is conducted through an electronic filing system. In addition, the Company requires all employees to sign confidentiality and declaration of interest forms when adjudicating on procurement contracts, and this practice is strictly enforced. The declaration of interest and related party disclosure policies for directors and employees are revised every three years, or as required, in line with the Company Policy Framework.

## Management of ethics



King IV. P2 & P3

The Company's Code of Ethics (the Code) promotes a culture of entrenched values, principles, standards and norms that guide the behaviour of its employees. The Code aims to instil values of honesty, respect and integrity that will guide employees to engage ethically with the Company's internal and external stakeholders. All employment contracts refer to the Code and thereby commit employees to the highest standards of ethical behaviour. The Code also binds non-executive directors to the highest standard of ethical behaviour. The Company's service providers, suppliers and trade partners are also subject to the Code. Aspects of the Code are included in fraud and corruption awareness training and are accessible to all employees on the Company's intranet. The Code is reviewed every three years or as and when required for adequacy and appropriateness.

In addition to the Code, the Company concludes integrity pacts with all bidders and suppliers. Integrity pacts have replaced Transnet's Supplier Code of Conduct. Each party agrees to avoid all forms of dishonesty, fraud and corruption, including practices that are anti-competitive in nature, negotiations made in bad faith and underpricing. As part of ethics management enhancement, the Company introduced an electronic gifts registry. Reports were drawn from the electronic gifts registers and presented for information purposes biannually to the Corporate Governance and Nominations Committee and the Remuneration, Social and Ethics Committee. The Company continuously reviews the declaration of interest system to increase efficiencies, and has recently adopted a No Gifts Policy to manage this aspect.



The Company's Tip-Offs Anonymous Hotline (the Hotline) enables employees, customers and trade partners to report concerns about unethical or unlawful behaviour. The Hotline is outsourced to a third party to ensure independent, seamless investigation without prejudice. The Hotline is available 24 hours a day, seven days a week and call centre agents converse in all 11 official South African languages. All irregularities, whether reported through external or internal reporting channels, are investigated through an established forensics investigation process.

## Structure and composition of governance committees

The Company's governance structure is derived from its mandate. The Board is tasked with ensuring that the Company is sustainable and capable of delivering on its objectives. The Board delegates powers to its committees whose members are specialists in their respective fields and areas of governance. The Board also delegates powers to the Group Chief Executive to direct the business strategically and to provide adequate direction to the Company's operations to ensure that the strategy is successfully implemented. The Group Chief Executive is assisted by the Group Executive Committee to deliver on specific mandates based on the DOA Framework. The Company further carries out its mandate through its Operating Divisions, which receive delegations from the Group Chief Executive.





# Transnet's governance structure

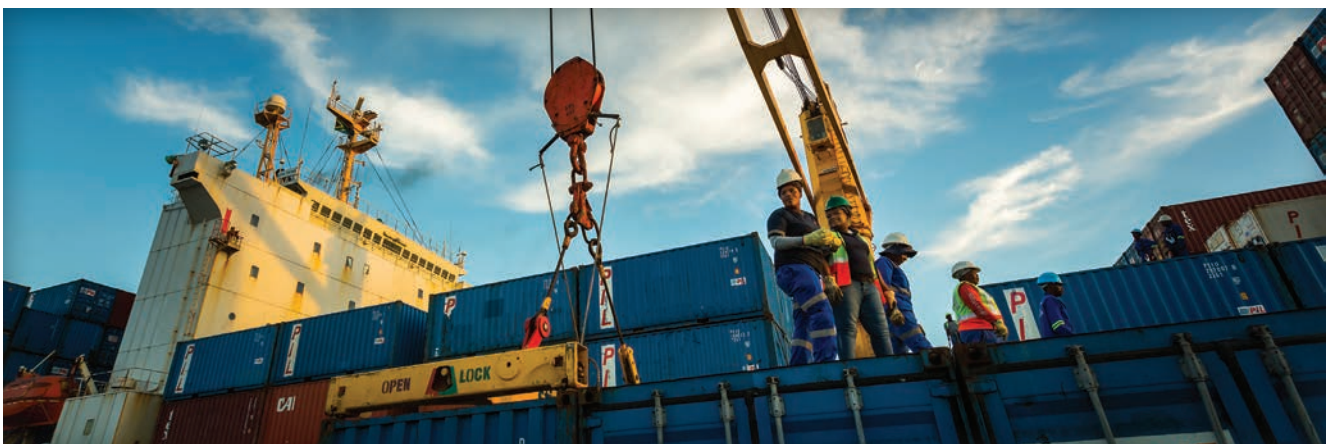


Delegation of Authority Framework					
Group Chief Executive	Audit Committee	Remuneration, Social and Ethics Committee	Corporate Governance and Nominations Committee	Risk Committee	Finance and Investment Committee
Ms PPJ Derby	Chairperson Mr LL von Zeuner	Chairperson Dr FS Mufamadi	Chairperson Dr PS Molefe*	Chairperson Ms GT Ramphaka	Chairperson Ms ME Letlape
	Members: Mr AP Ramabulana Ms GT Ramphaka Ms ME Letlape	Members: Ms UN Fikelepi Ms ME Letlape	Members: Dr FS Mufamadi Ms DC Matshoga* Adv OM Motaung** Ms UN Fikelepi	Members: Ms UN Fikelepi Ms DC Matshoga Ms ME Letlape Mr LL von Zeuner	Members: Adv OM Motaung** Mr AP Ramabulana Mr LL von Zeuner

Executive Committee					
Group Investment Committee	Group Procurement Committee				
Divisional Executive Committee					
Transnet Freight Rail	Transnet Engineering	Transnet National Ports Authority	Transnet Port Terminals	Transnet Pipelines	Transnet Property

\* Ms DC Matshoga was Chairperson until 15 March 2020.

\*\* Adv Oupa Motaung passed away subsequent to year-end.



## Integrated reporting elements



King IV. P8, P11, P13, P14 & P16

The Board and the Group Executive Committee have respectively established committees to ensure effective management and monitoring of the business, and to respond to the elements of the Company's mandate and strategy. The link between management and the various governance structures is indicated below:

Integrated reporting element	Required activities	Group Executive Committee and other governance structures	Board committee
<b>Stakeholder engagement and relationships</b>	<ul style="list-style-type: none"> <li>• Effective stakeholder engagement and responsiveness</li> <li>• Complaints Desk</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources Committee*</li> <li>• Group Executive Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration, Social and Ethics Committee</li> </ul>
<b>Risks and opportunities</b>	Effective identification and assessment of material issues	<ul style="list-style-type: none"> <li>• Risk Management Committee*</li> <li>• Chief Information Officer Council*</li> <li>• Group Executive Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Committee</li> <li>• Audit Committee</li> </ul>
<b>Strategy and resource allocation</b>	<p>Appropriate strategic response including:</p> <ul style="list-style-type: none"> <li>• Processes and controls</li> <li>• Initiatives and activities</li> <li>• Resource allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Investment Committee</li> <li>• Human Resources Committee*</li> <li>• Procurement Committee</li> <li>• Business Development and Growth Committee*</li> <li>• Forensic Committee**</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Finance and Investment Committee</li> <li>• Remuneration, Social and Ethics Committee</li> </ul>
<b>Performance and outlook</b>	<p>Appropriate performance measurement and management including:</p> <ul style="list-style-type: none"> <li>• Applicable lead and lag indicators</li> <li>• Setting of targets, accountability and incentivisation</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Committee*</li> <li>• Finance Committee*</li> <li>• Human Resources Committee*</li> <li>• Investment Committee</li> <li>• Business Development and Growth Committee*</li> <li>• Group Executive Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance and Nominations Committee</li> <li>• Remuneration, Social and Ethics Committee</li> <li>• Finance and Investment Committee</li> </ul>
<b>Remuneration</b>	Appropriate remuneration structure to align performance against strategy in short, medium and long-term incentives	<ul style="list-style-type: none"> <li>• Human Resources Committee*</li> <li>• Group Executive Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration, Social and Ethics Committee</li> </ul>
<b>Governance</b>	Governance and assurance processes to oversee execution of strategy and structures in accordance with policy and regulation	<ul style="list-style-type: none"> <li>• Human Resources Committee*</li> <li>• Risk Management Committee*</li> <li>• Finance Committee*</li> <li>• Group Executive Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance and Nominations Committee</li> <li>• Risk Committee</li> <li>• Audit Committee</li> </ul>

\* The human resources, risk management, business development and growth, and finance committees as well as the CIO Council were dissolved in June 2020.

\*\* The Forensic Committee was dissolved in February 2020.

## Board composition



The Company's MOI stipulates that the Board shall consist of a minimum of six and a maximum of 14 directors, comprising not less than four non-executive directors and two executive directors, provided that the Board shall at all times consist of a majority of non-executive directors. As at 31 March 2020, the Board comprised of 12 directors, 10 of whom are non-executive, including the Chairperson.

The non-executive directors have diverse qualifications, skills, experience and competencies. They are principally free from any business relationship that could hamper their objectivity or judgement in terms of the business and activities of the Company. All the non-executive directors have unrestricted access to the Company's information, documents, records and property in the interest of fulfilling their fiduciary duties and responsibilities. The non-executive directors contribute their skills, business acumen, independent judgement and experience on various issues, including strategy, corporate governance, performance and general leadership, while the executive directors provide an operational understanding of the Company's strategies and management skills.

The non-executive directors have access to:

- The Company's employees by submitting a written request to the Chairperson of the Board and the Group Chief Executive to engage with an employee;
- External auditors;
- Internal auditors; and
- Professional advisers.

They act in the best interest of the Company at all times and avoid potential political connections or exposures using a range of governance instruments in the execution of their fiduciary duties. The Group Executive Committee members attend Board meetings by invitation.

## Roles of the Chairperson and Group Chief Executive



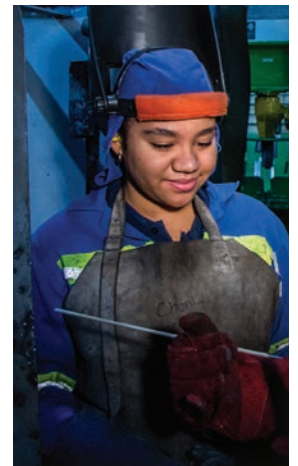
The Board ensures that the appointment of and delegation to management contribute to role clarity and effective exercise of authority and responsibility. The roles of the Chairperson and the Group Chief Executive are separate, with their individual responsibilities clearly defined. The Chairperson is an independent non-executive director and is responsible for leading the Board and ensuring its effectiveness. The Group Chief Executive is an executive director and is responsible for the execution of the Company's strategy and the day-to-day management of the business of the Company. She is supported by the Group Executive Committee, of which she is the Chairperson.

The Board is satisfied that the DOA Framework clearly records the nature and extent of the authorities delegated by the Board to the Group Chief Executive and specified governance structures and/or, in turn, by the Group Chief Executive to the members of the Group Executive Committee in order to implement certain actions by or on behalf of the Company. It includes, to the extent necessary and/or incidental thereto, the authority to discharge all the duties, obligations and powers imposed upon the deemed authority under the National Ports Act.

## Independent non-executive directors



The Board comprises an appropriate balance of knowledge, skills, experience, diversity and independence, enabling it to objectively and effectively discharge its duties. In accordance with the King IV Code, the Board is satisfied that the non-executive directors of the Company are independent.



## Our Board members



King IV. P6, 7 & 13



**Dr Popo Molefe**

*Chairperson*



Date of birth: April 1952

Year of appointment: May 2018

**Qualifications:**

Honorary Doctorate (Leadership Aptitude) (University of North West); Certificate of Conflict Resolution (Harvard University); Course on Governance (Harvard University); Certificate of Completion of Business Leadership Course (Pennsylvania University)

**Directorship/Shareholding/Trusteeship:**

- Aberdeen Offshore Engineering (Pty) Ltd
- Andru Mining (Pty) Ltd
- Bigbit Trading
- Devland Meat Production
- Friedshelf 1516
- Global Aviations Operations (Pty) Ltd
- Lereko Broad-based Consortium 212
- Lereko Eco
- Lereko Investments (Pty) Ltd
- Lereko Metier Capital Growth Fund
- Lereko Metier Investors (Pty) Ltd
- Lereko Metier Trustees
- Lereko Mobility
- Lereko Systems
- Mabele Trust
- Marble Gold
- Mooki Trust
- Popo Molefe Foundation
- Sunshine Street Investments 71 (Pty) Ltd
- Tedcor (Pty) Ltd

1 2 9 11



**Ms Portia Derby**

*Group Chief Executive*

Date of birth: December 1969

Year of appointment: February 2020

**Qualifications:**

MBA (University of the Witwatersrand); BSc (Hons) Economics (University of KwaZulu-Natal); BSc Geology and Economics (University of KwaZulu-Natal); Management Advancement Programme Certificate

**Directorship/Shareholding/Trusteeship:**

- JoyAnanda Investments (50% holding)
- LPA Properties (50% holding)
- Pholela Trust
- Tandimanzi (Pty) Ltd
- Ubu Investment Holdings (60% holding)

2 6 11 15 19



**Mr Aluwani Ramabulana**

*Independent non-executive director*



Date of birth: October 1971

Year of appointment: May 2018

**Qualifications:**

MBA (Nyenrode University, The Netherlands); BSc (Chemical Engineering) (Oregon State University); Executive Development Programme (IMD, Switzerland); Certificate in Corporate Governance and Risk Management

**Directorship/Shareholding/Trusteeship:**

- Bono Lithihi Investment Holdings (Pty) Ltd (5% holding)
- DataQwip Logistics (60% holding)
- Lateospace (49% holding)
- MDZ Capital (100% holding)
- MDZ Fleet Solutions (100% holding)
- MDZ Logistics (100% holding)
- Mudzi Palfinger JV (51% holding)
- NBC

1 2 4 5 6 9 11

Length of tenure of independent non-executive directors

as at 29 September 2020

**100%** 0 - 3 years

**0%** 4 - 6 years



**Ms Ursula Fikelepi**  
Independent non-executive director



Date of birth: January 1973

Year of appointment: May 2018

Qualifications:  
MBA (Gordon Institute of Business Science);  
LLM (University of New Hampshire, USA);  
LLB (University of Cape Town); BA Law  
(Rhodes University)

- Directorship/Shareholding/Trusteeship:
- Emmaus Holdings (100% holding)
  - Grace Bible Church
  - Mtizamo Africa (Pty) Ltd (16% holding)
  - Mtizamo Capital
  - Mtizamo Properties (Pty) Ltd



**Ms Dimakatso Matshoga**  
Independent non-executive director



Date of birth: May 1978

Year of appointment: May 2018

Qualifications:  
MBA (Management College of South Africa);  
BSc (Electronic Engineering) (University of  
Natal); PD in Project Management (School  
of Project Management); PrEng; Certified  
Director (Institute of Directors in Southern  
Africa (IoDSA))

- Directorship/Shareholding/Trusteeship:
- Atafala Enterprises t/a Atafala Consulting  
(100% holding)
  - Atafatsa Foundation (non-profit company)  
(33,3% holding)
  - ATISSA Engineering and Environmental  
Services (in deregistration process)
  - Isa-Stra Tech Solutions (20% holding)



**Ms Mpho Letlape**  
Independent non-executive director

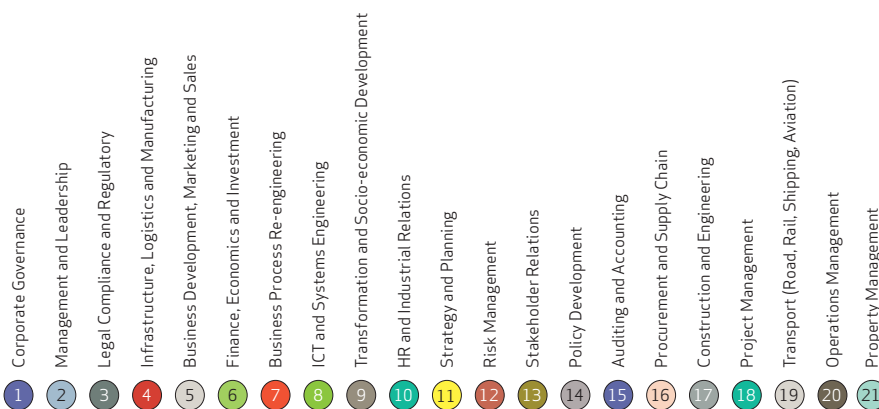


Date of birth: March 1959

Year of appointment: May 2018

Qualifications:  
Bachelor of Computer Science and  
Psychology (University of Fort Hare);  
Management Advanced Programme (Wits  
Business School); Strategic Human  
Resources Management (University of  
Cape Town Graduate School); Leading  
Change (Harvard Business School);  
Strategic Perspective in NPO Management  
(Harvard Business School); Orchestrating  
Winning Performance (IMD) (Harvard  
Business School); Strategic Human Resources  
(Harvard Business School)

- Directorship/Shareholding/Trusteeship:
- Africa Harm Reduction Alliance
  - Food Forward South Africa
  - Lethushane (Pty) Ltd (100% holding)
  - Lethushaneng Advisory Services  
(100% holding)
  - National Research Foundation
  - South African Women in Dialogue
  - Standard Bank Tutuwa Community  
Foundation NPC
  - Tower Group
  - Vinton Holdings Foundation



Board members' competencies



### Adv Oupa Motaung

Independent non-executive director



Date of birth: August 1970

Year of appointment: May 2018

#### Qualifications:

BProc (University of the Witwatersrand); LLB (University of the Witwatersrand); LLM (Tax Law) (University of the Witwatersrand); HDip Company Law (University of the Witwatersrand); AIPSA Diploma (University of Pretoria); Advanced Certificate in Construction Law (University of Pretoria); Certificate in Banking and Financial Markets (University of the Witwatersrand)

#### Directorship/Shareholding/Trusteeship:

- Condoclox (100% holding)
- Epic Telecommunication
- Kuena Construction Projects (100% holding)
- Miracle Mile 74 Investment
- Nordaspan (100% holding)
- Orthorox (deregistration - dormant)
- Thulo Trustees (100% holding)
- Twende Investments (10% holding)
- Vaxiscore Investment (100% holding)



### Dr Fholisani Mufamadi

Independent non-executive director



Date of birth: February 1959

Year of appointment: May 2018

#### Qualifications:

DSc Honoris Causa (Igbinedion University); PhD (University of London); Honorary Professor (Political and Government Studies) (Nelson Mandela Metropolitan University); MSc (University of London)

#### Directorship/Shareholding/Trusteeship:

- Absa Bank Mozambique
- Adcorp Holdings Ltd
- Implats Holdings Ltd
- Muendanyi Consulting (100% holding)
- Nokukhanya and Inkosi Albert Luthuli Peace and Development Institute
- Zimplats (Chairman of the Board)



### Ms Gratitude Ramphaka

Independent non-executive director



Date of birth: August 1979

Year of appointment: May 2018

#### Qualifications:

CA(SA); BAcc (Hons) (University of the Witwatersrand); BCom (University of the Witwatersrand); Auditing Specialist Course (Advanced Accounting and Auditing); Auditing Professional Training (Advanced Auditing and Professional Training)

#### Directorship/Shareholding/Trusteeship:

- Mbabo Transport Services cc (Dormant - being deregistered)



### Gender representation

as at 29 September 2020

**56%** male

**44%** female

### Race representation

as at 29 September 2020

**89%** (8 African)

**11%** (1 White)

Excluding executive directors and Company Secretary.



**Mr Louis von Zeuner**  
Independent non-executive director



Date of birth: June 1961

Year of appointment: May 2018

Qualifications:  
Chartered Director CD(SA) (IoDSA);  
BA (Economics) (University of Stellenbosch)

Directorship/Shareholding/Trusteeship:

- FirstRand Bank Ltd
- FirstRand Ltd
- Mahela Boerdery (Pty) Ltd
- Mahela Group Holdings (Pty) Ltd
- Telkom SA SOC Ltd
- Tongaat Hulett Ltd
- Wildeklaar Investments (Pty) Ltd



**Ms Nonkululeko Dlamini**  
Group Chief Financial Officer

Date of birth: October 1973

Year of appointment: July 2020

Qualifications:  
CA(SA); BCom (University of the  
Witwatersrand); Higher Diploma in Accounting  
(CTA) (University of Natal)

Directorship/Shareholding/Trusteeship:

- Coalition Trading 363  
(AR final deregistration)
- Khula Credit Guarantee
- Kutlwanong Centre for Maths and  
Science Technology (NRC)
- Melody Hills Trading 127  
(AR final deregistration)
- Rosherville Properties
- Small Enterprise Finance Agency (SEFA)



**Group Company Secretariat**  
Ms S Bopape – Interim Group Company Secretary  
For more information please see page 126 of the 2020 Integrated Report



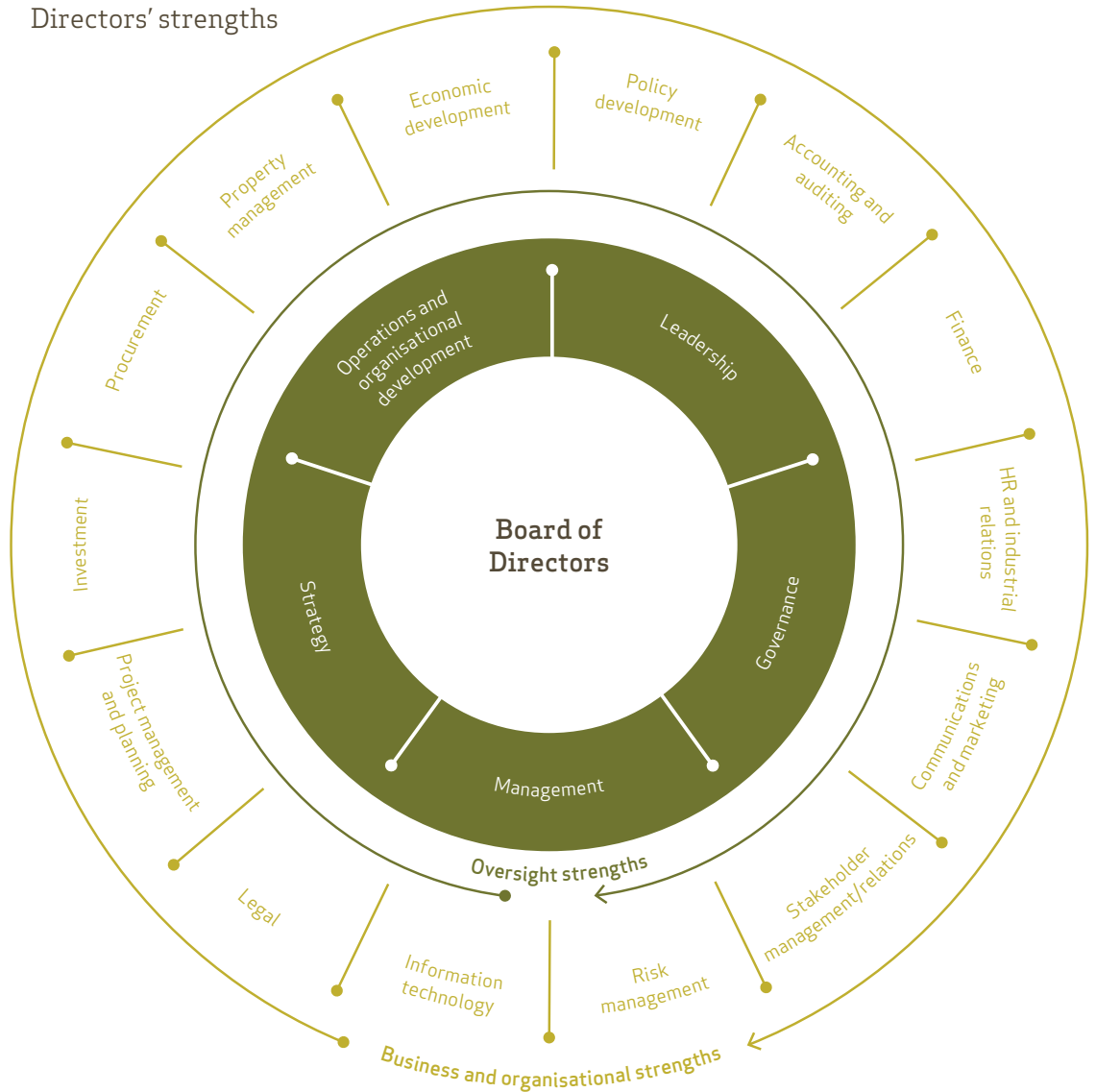
## Directors' balance of skills and expertise



King IV. P7

The infographic below reflects the skills and expertise which are balanced to ensure effective discussions in fulfilling the Board's mandate.

### Directors' strengths



## Independent performance evaluation of the Board, its committees and directors



King IV. P9

The Board ensures the evaluation of its own performance and that of its committees. The Chairperson and individual directors provide support for continued improvements in the Board's efficiency and effectiveness.

The Board considers the findings of the evaluation and compares these to the prior year's assessment, and then formulates appropriate action plans. The Board tracks progress against those plans through the Corporate Governance and Nominations Committee. The committee considered a self-evaluation programme, and in keeping with the directive from the Shareholder Minister, going forward, the SOC boards are required to conduct an annual board evaluation facilitated by an independent external service provider, particularly as the review of board composition is an annual exercise.



A hybrid approach has been implemented where a self-assessment will be conducted through a programme linked to the Company's Governance Assessment Instrument that has been utilised by the Company since 2013. The Board conducted an internal self-assessment in the second quarter of the 2019/20 financial year and the results thereof were shared with the Shareholder Minister.

## Directors' induction and continuous development



King IV. P1 & 9

As part of enhancing the directors' skills, the Group Company Secretariat develops an Annual Board Training Plan which identifies training requirements for the Board and its committees. Individual directors are also encouraged to identify any governance-related training events they may wish to attend through recognised training institutions. The induction of directors is ongoing to acquaint the Board with the business of the Company. During the year under review, internal and external training service providers conducted the following training activities:

### Directors' training for the year ended 31 March 2020

Governance structure	Training provided	Service provider	Date	Attendees
<b>Corporate Governance and Nominations Committee</b>	King IV as it relates to the Corporate Governance and Nominations Committee	Fluidrock Governance Academy (Pty) Ltd	22 May 2019	Ms UN Fikelepi Ms RJ Ganda Ms DC Matshoga Dr PS Molefe Adv OM Motaung* Dr FS Mufamadi
<b>Audit Committee</b>	Integrated Reporting	FirstRand	28 May 2019	Ms RJ Ganda Ms ME Letlape Mr AP Ramabulana Ms GT Ramphaka Mr LL von Zeuner
<b>Finance and Investment Committee</b>	Project Lifecycle Process and Capital Operating Model Training	Transnet Group Capital	9 July 2019	Ms RJ Ganda Ms ME Letlape Adv OM Motaung* Mr AP Ramabulana Ms GT Ramphaka Mr LL von Zeuner
<b>Individual director development</b>	International Risk Management of South Africa (IRMSA) Annual Conference	Institute of Directors of Southern Africa	2 October 2019	Ms UN Fikelepi Ms DC Matshoga
<b>Corporate Governance and Nominations Committee</b>	Protection of Personal Information Act	Diale Mogashoa Attorneys	3 March 2020	Ms UN Fikelepi Ms DC Matshoga Dr PS Molefe Adv OM Motaung* Dr FS Mufamadi

\* Adv Oupa Motaung passed away subsequent to year-end.

## Group Company Secretariat function



King IV. P10

The Group Company Secretariat is responsible for developing systems and processes to enable the Board to discharge its functions efficiently and effectively. The Group Company Secretariat function prepares Annual Work Plans for the Board and its committees as informed by the strategic direction of the Company. The Corporate Governance and Nominations Committee reviews the Board and its committees' Annual Work Plans and makes recommendations for implementation. These Annual Work Plans are recommended to the Board for approval by the respective Board committees and are continually tracked to assess progress. The Group Company Secretariat function also advises the Board, both collectively and individually, on corporate governance issues, the requirements of the Companies Act and other relevant legislation.

The Board has unfettered access to the services and advice of the Group Company Secretariat. The Group Company Secretariat acts as the primary point of contact between the Board and the Company.

In addition to various statutory functions, the Group Company Secretariat provides individual non-executive directors and the Board with induction, guidance on duties, responsibilities and the impact of regulatory developments. In consultation with the Chairperson, the Group Company Secretariat ensures that the contents of the agenda are relevant to the Board's decision-making and communicates the Board's resolutions throughout the Company in a timely and appropriate manner.

Several instruments have been introduced to ensure that the Board functions efficiently in executing its mandate as well as the set targets. These include:

- A resolution register that sets out the decisions that have been taken by each governance structure; these are communicated to line functions for execution; and
- A transfer register that details cross-functional areas as referred by one governance structure to another for execution.

The Group Company Secretariat is qualified to perform duties in accordance with applicable legislation and is considered by the Board to be fit and proper for the position. The Board is satisfied that the Group Company Secretariat maintains an arm's length relationship with the Executive Committee, the Board and the individual non-executive directors.

The Board appointed Ms S Bopape as the Interim Group Company Secretary effective 17 September 2020.

## Benchmarking

The Group Company Secretariat continues to conduct benchmark exercises with other SOCs and private companies, while sharing knowledge gained in the corporate governance sphere with other SOCs. The objective of the exercise is to enhance uniformity, standardisation and alignment of best practice across the SOCs. This exercise benefits all the participants.

## Purpose of the Board and Board committees and report back

The purpose of the Board is to ensure that the Company is sustainable and capable of fulfilling its statutory, strategic, socio-economic and operational objectives. To fulfil this purpose, the Board must direct and control the business of the Company. Directors owe a fiduciary duty to the Company under both common law and statute (more particularly the PFMA and the Companies Act), and they are accountable to the Shareholder, namely the Government of the Republic of South Africa, represented by the Shareholder Minister.

The Board is also responsible, within the structures of corporate law, to the other stakeholders of the Company. Directors are required to exercise due care, skill and utmost good faith in the performance of their duties.

As part of its Annual Work Plans, the Board holds strategy workshops and deep dive sessions where matters of a strategic nature are addressed in detail.

## Core responsibilities of the Board

The Board serves as the focal point and custodian of corporate governance in the Company. The protocol for exercising its leadership role is outlined in the approved Board and committee mandates. The mandates clearly define the procedures for the Board and committees to obtain professional advice and the procedures for management to submit documentation for the Board to make informed decisions.

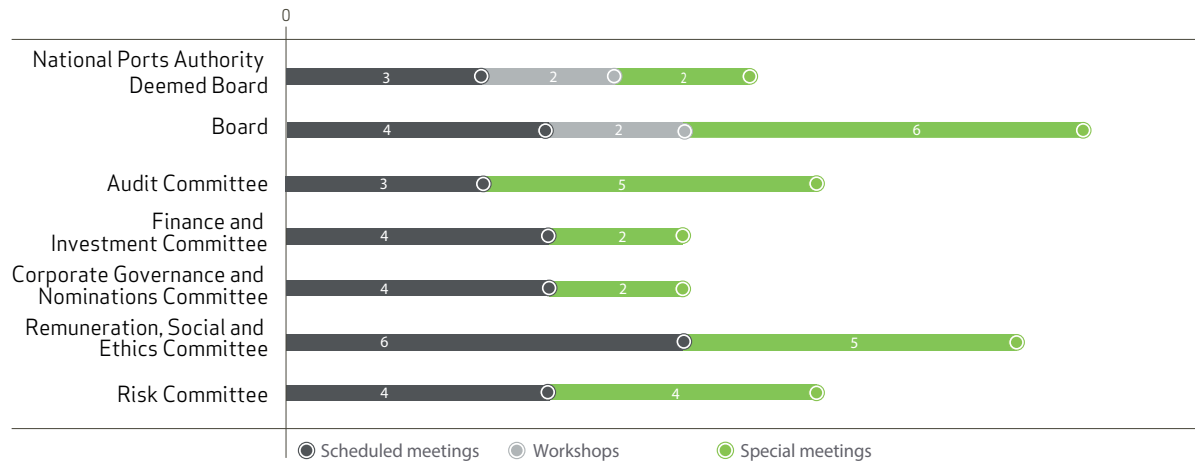
The Board has interrogated matters within its mandate relating to the year under review and is satisfied that it has discharged its responsibilities.

## Board and committee meetings



King IV. P6

The diagram below indicates the number of scheduled and ad hoc meetings held during the year under review.



## Schedule of directors' attendance at Board and committee meetings\*

The table below discloses the number of meetings held during the year and the attendance of the respective directors for the financial year ended 31 March 2020.

Board/committee	Board	Audit Committee	Corporate Governance and Nominations Committee	Risk Committee	Finance and Investment Committee	Remuneration, Social and Ethics Committee	National Ports Authority Deemed Board
<b>Number of meetings held</b>	<b>12</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>11</b>	<b>7</b>
Dr PS Molefe (Chairperson)	12	—	4	—	—	—	7
Ms PPJ Derby <sup>1</sup>	1	—	—	—	—	—	—
Ms UN Fikelepi	7	—	5	8	—	10	5
Ms RJ Ganda <sup>5</sup>	9	6	—	—	3	—	4
Mr MD Gregg-Macdonald <sup>2</sup>	7	—	—	—	—	—	6
Prof EC Kieswetter <sup>3</sup>	—	—	—	—	—	1	—
Ms ME Letlape	11	8	—	8	—	11	6
Mr MS Mahomed <sup>4</sup>	7	—	—	—	—	—	5
Ms DC Matshoga	8	—	5	7	—	—	5
Adv OM Motaung <sup>6</sup>	7	—	5	—	5	—	5
Dr FS Mufamadi	7	—	1	—	—	11	3
Mr AP Ramabulana	9	6	—	—	4	—	6
Ms GT Ramphaka	10	8	—	8	—	—	6
Mr LL von Zeuner	6	5	—	7	6	—	4

\* Each scheduled Board meeting is preceded by a closed session attended by non-executive directors.

<sup>1</sup> Appointed as the Group Chief Executive and Executive Director of the Company with effect from 1 February 2020.

<sup>2</sup> Reappointed as the designate Acting Group Chief Financial Officer and Executive Director of the Company with effect from 1 April 2020 following the termination of the appointment of the Acting Group Chief Financial Officer and the resignation as an Executive Director of the Company with effect from 1 February 2020.

<sup>3</sup> Resigned with effect from 6 May 2019.

<sup>4</sup> Reappointed as the Acting Group Chief Financial Officer with effect from 1 February 2020 until 31 March 2020.

<sup>5</sup> Ms RJ Ganda resigned with effect from 31 March 2020.

<sup>6</sup> Adv Oupa Motaung passed away subsequent to year-end.

Executive directors are not members of the Board committees.

# Governance in action



King IV. P1, P3, P4, P5, P6, P8, P9, P10, P11, P12, P13, P14, P15 & P16

## Board

- Total number of meetings held during the year: 12
- Directors' attendance at Board meetings denoted by ( )

- Executive director<sup>^</sup>
- Independent non-executive director<sup>+</sup>

### Chairperson:

Dr PS Molefe<sup>+</sup> (12)

### Members:

- Ms UN Fikelepi<sup>+</sup> (7)
- Ms ME Letlape<sup>+</sup> (11)
- Ms DC Matshoga<sup>+</sup> (8)
- Adv OM Motaung<sup>+6</sup> (7)
- Dr FS Mufamadi<sup>+</sup> (7)
- Mr AP Ramabulana<sup>+</sup> (9)
- Ms PPJ Derby<sup>1^</sup> (1)
- Ms RJ Ganda<sup>2+</sup> (9)
- Mr MD Gregg-Macdonald<sup>3^</sup> (7)
- Prof EC Kieswetter<sup>4</sup> (0)
- Mr MS Mahomed<sup>5^</sup> (7)
- Ms GT Ramphaka<sup>+</sup> (10)
- Mr LL von Zeuner<sup>+</sup> (6)

## Summary of the Board's mandate

The Board's primary mandate is to ensure the sustainable and successful continuation of business activities by providing strategic direction to the Company. Non-executive directors are appointed to the Board by the Shareholder Minister on a three-year term. The appointments are confirmed at the annual general meeting. The Chairperson of the Board engages continuously with the Shareholder Minister who is the final arbiter on the Board's succession plans and approval of transaction applications in accordance with the provisions of section 54 of the PFMA.

King IV imposes specific responsibilities on the Board. The non-executive directors embrace these and acknowledge that the Board is primarily responsible for ensuring that the Company's strategy, risk compliance, performance and sustainability are inseparable. The Board provides effective leadership based on an ethical foundation of responsibility, accountability, fairness and transparency.

## Summary of key activities and outputs (decisions, approvals, policies and procedures) for 2019/20

The Board held 12 meetings during the year under review where it:

- Rescinded its recommendation to the Minister of Public Enterprises to extend the contract of Mr Morwe as the Acting Group Chief Executive of Transnet thereby allowing the contract to terminate on 3 May 2019;
- Recommended to the Shareholder Minister the appointment of Mr Mohammed Mahomed as the Acting Group Chief Executive of the Company with effect from 2 May 2019;
- Approved the respective appointments of Ms GT Ramphaka and Mr LL von Zeuner as Chairpersons of the Risk Committee and Finance and Investment Committee respectively;
- Recommended the Remuneration Policy for non-executive directors to the Shareholder Minister for approval;
- Approved the payment of the 2015/16 conditional awards in respect of the Transnet Long-Term Incentive Scheme as per the Ground Rules of the Scheme, as recommended by the Remuneration, Social and Ethics Committee;
- Recommended the payment of acting allowances of executive directors to the Shareholder Minister for approval;
- Approved the ratification in terms of paragraph 4.6 of the DOA Framework, subject to the matter being further dealt with at a Board workshop in July 2019;
- Approved the ex gratia payment to employees earning less than R1,1 million per year;
- Noted the resignation of Ms NE Khumalo as the Group Company Secretary with effect from 30 June 2019;
- Approved the interim appointment of Ms K Naicker as the Acting Group Company Secretary effective 16 July 2019;
- Recommended to the Shareholder Minister the extension of Mr Mohammed Mahomed's appointment as Acting Group Chief Executive of the Company with effect from 1 September 2019;
- Approved the Transnet Annual Financial Statements for the 2018/19FY;
- Approved the Transnet Pipelines (TPL) Annual Financial Statements for the 2018/19FY and delegated authority to the Chairperson, Acting Group Chief Executive and Acting Chief Financial Officer to sign the TPL's Annual Financial Statements on behalf of the Board;
- Approved the 2018/19 Integrated Report;
- Approved the draft short-form press release of the 2018/19 financial results;
- Approved the going concern assertion for the 2018/19FY;
- Approved the Global Medium Term Note (GMTN) Programme Financials for the 2018/19FY;
- Approved the Management Representation Letter for the 2018/19FY (Annual Financial Statements);

### Summary of key activities and outputs (decisions, approvals, policies and procedures) for 2019/20 (continued)

- Approved the Management Representation Letter for the 2018/19FY Audit of Performance Information;
- Approved the Management Representation Letter for the 2018/19FY (Socio-Economic Development);
- Approved the 2019/20FY Shareholder's Compact;
- Approved the 2019/20FY Shareholder's Compact KPI Dictionary;
- Approved the Significance and Materiality Framework;
- Approved the 2019/20FY Group Balanced Scorecard and the Group Chief Executive performance contract;
- Approved the Board and committee mandates;
- Approved a time extension on the Manganese 16 mtpa Phase 1 Expansion Project (Warrant R3A1);
- Approved the commencement of the amendment of the Legal Succession Act;
- Approved ex gratia payments for managers earning more than R1 million per year.
- Approved the criteria and process for selection and appointment of Transnet employees serving as non-executive directors on external companies' boards of directors and/or trustees on boards of trustees, subject to potential candidates being levels B and C;
- Approved the amendment to the policy on non-executive directorship and trusteeship of Transnet employees to read that 100% of fees and directors' emoluments earned will be paid to Transnet;
- Recommended the Transnet reward philosophy to the Shareholder Minister for approval;
- Recommended the Transnet Remuneration Policy for Management to the Shareholder Minister for approval;
- Approved the going concern assessment for the period ended 30 September 2019;
- Approved the GMTN Programme Financial Results for the period ended 30 September 2019;
- Approved the Condensed Consolidated Financial Results for the period ended 30 September 2019;
- Approved the draft Transnet advert for the period ended 30 September 2019;
- Approved the Group Management Representation Letter for the period ended 30 September 2019;
- Approved the recommendation from the Remuneration, Social and Ethics Committee in respect of the half-year short-term incentive payment to bargaining unit employees;
- Approved the new annual incentive scheme for management, effective 1 April 2020;
- Approved the new Productivity Incentive Scheme for Bargaining Unit Employees, effective 1 October 2019;
- Approved the implementation plan for both the short-term and long-term incentive schemes;
- Approved ex gratia payment to qualifying executive directors and prescribed officers as a token of recognition for the Company's financial performance for the 2018/19FY;
- Approved the updated Domestic Medium Term Note (DMTN) Programme and the required Board resolution for submission to the Johannesburg Stock Exchange (JSE);
- Approved the proposed structure of the top leadership team and Group Executive Committee and Group functions structures;
- Approved the 2020/21FY Shareholder's Compact and the Significance and Materiality Framework;
- Approved the Separate Container Incentive Scheme;
- Approved and signed off on the Ground Rules that will govern the new Coastal Container Productivity Incentive Scheme for Bargaining Unit Employees in the container sector of Transnet Port Terminals;
- Approved the 2020/21FY Corporate Plan;
- Approved the appointment of Dr PS Molefe as the Chairperson of the Corporate Governance and Nominations Committee;
- Approved the proposed amendments to the Supply Chain Policy;
- Recommended the appointment of the new executives and their remuneration and also the pay ranges for the executive directors and prescribed officer positions to the Shareholder Minister for noting;
- Noted the written resignation of Mr Mark David Gregg-Macdonald as a director of Transnet with retrospective effect from 1 February 2020;
- Noted the written resignation of Ms Ramasela Joyce Ganda as a non-executive director and the Chairperson of the Audit Committee as well as a member of the Finance and Investment Committee with effect from 31 March 2020;
- Ratified the decision of the Acting Group Chief Executive to extend the validity periods of the following construction tenders, while clarification was sought from the Construction Industry Development Board on the updated standards for uniformity:
  - Berth deepening; Tunnel construction between East Bank and North Quay including demolitions; and
  - Tugjetty at R Berth, Port of Durban;
- Recommended the following to the Shareholder Minister for approval:
  - The implementation of mutual separation settlements for selected executives;
  - The appointment of the new Group Chief Financial Officer;
  - The appointment of Mr MS Mahomed as the Acting Group Chief Financial Officer for the period 1 February 2020 until the appointment of the new Chief Financial Officer; and
  - The designated appointment of Mr MD Gregg-Macdonald as Acting Group Chief Financial Officer as a transition measure, in the event that Mr MS Mahomed terminates service prior to the new Group Chief Financial Officer commencing duty.

### Key challenges (what they were, responses and continuing challenges)

- Filling of Board vacancies
- Finalisation of amendments to the MOI
- State capture-related issues and appearances of Company representatives before the Zondo Commission of Inquiry into allegations of state capture
- Increasing PFMA reportable issues and media allegations against Transnet
- Extensive engagements with law enforcement agencies
- Maintenance backlog, derailments and the impact on low-volume targets
- Audit qualification due to interpretation of the law. The Company has engaged National Treasury to assist with the interpretation of the Preferential Procurement Policy Framework Act, No 5 of 2000
- Non-performance of executives which have been dealt with by the Board
- Transgression of procedures and the Code of Ethics by executives
- Protracted suspensions of executives
- Delay in the appointment of key executives, the Group Company Secretary and the Deputy Group Company Secretary

### Focus areas for 2020/21

- Monitoring PFMA violations
- Strengthening internal control measures
- Emphasis on consequence management and close out of protracted matters
- Investigations on media allegations
- Appointment of additional Board members and their induction
- Improving operational performance
- Reducing irregular expenditure
- Instilling sound governance and compliance practices
- Post Covid-19 Business Recovery Strategy (financial, people and operations)

<sup>1</sup> Appointed as the Group Chief Executive and Executive Director of the Company with effect from 1 February 2020.

<sup>2</sup> Resigned with effect from 31 March 2020.

<sup>3</sup> Reappointed with effect from 1 April 2020 as the designate Acting Group Chief Financial Officer and Executive Director of the Company following the termination of his appointment as Acting Group Chief Financial Officer and resignation as an Executive Director of the Company with effect from 31 January 2020.

<sup>4</sup> Resigned with effect from 6 May 2019.

<sup>5</sup> Reappointed as the Acting Group Chief Financial Officer with effect from 1 February 2020 until 31 March 2020.

<sup>6</sup> Adv Oupa Motaung passed away subsequent to year-end.



Audit Committee	
<ul style="list-style-type: none"> <li>Total number of meetings held during the year: 8</li> <li>Directors' attendance at Audit Committee meetings denoted by ( )</li> </ul>	<ul style="list-style-type: none"> <li>Executive director^</li> <li>Independent non-executive director†</li> </ul>
<p><b>Chairperson</b></p> <ul style="list-style-type: none"> <li>Mr LL von Zeuner<sup>1†</sup> (5)</li> <li>Ms RJ Ganda<sup>2†</sup> (6)</li> </ul>	<p><b>Members</b></p> <ul style="list-style-type: none"> <li>Ms ME Letlape<sup>†</sup> (8)</li> <li>Mr AP Ramabulana<sup>†</sup> (6)</li> <li>Ms GT Ramphaka<sup>†</sup> (8)</li> </ul> <p>No external advisers attended committee meetings during the year.</p>

**Summary of the committee's mandate**

During the year, the Company continued to comply with the requirements of the Companies Act for the functioning and reporting of the Audit Committee. PFMA requirements for the composition and election of the Audit Committee are strictly observed.

The Audit Committee comprises independent non-executive directors who are duly elected by the Shareholder Minister at the annual general meeting in line with legislative requirements.

The Audit Committee provides the following support activities to the Board:

- Assists the Board in discharging its duties to safeguard assets and evaluate internal control frameworks
- Reviews and assesses the integrity and effectiveness of the accounting, financial, compliance and other control systems
- Considers the accounting principles and policies of the internal and external audit process
- Strengthens the independence of the internal and external audit functions to ensure their effectiveness
- Ensures effective communication between the internal auditors, the external auditors, the Board, management and regulators
- Ensures compliance with and adherence to applicable legal, regulatory and accounting requirements
- Contributes to a climate of discipline and control which will reduce the opportunity for fraud
- Assists the Board in discharging its duties pertaining to the governance of ICT

**Summary of key activities and outputs (decisions, approvals, policies and procedures) for 2019/20**

The committee held eight meetings during the year under review where it:

- Approved the Transnet Internal Audit Plan and noted the risk of not having Internal Audit services;
- Approved the Internal Audit Charter;
- Recommended the draft annual financial statements for the 2018/19FY;
- Recommended that the Board noted the update on the Shareholder's Compact for the 2018/19FY;
- Recommended TPL's draft annual financial statements for the 2018/19FY;
- Approved the Treasury Counterparty Limits;
- Approved the ring-fenced Annual Financial Statements of TNPA for the year ended 31 March 2019;
- Recommended the Audit Committee mandate;
- Approved the Integrated Assurance Plan for the 2019/20FY;
- Approved the year 1 phase of the Internal Audit strategy;
- Recommended the Annual Financial Statements for the 2018/19FY;
- Recommended the Integrated Report for the 2018/19FY;
- Recommended the draft short-form press release for the 2018/19 financial results;
- Recommended the going concern assertion for the 2018/19FY;
- Recommended the GMTN Programme financials for the 2018/19FY;
- Recommended the Audit Committee report for the 2018/19FY;
- Recommended the Management Representation Letter for the 2018/19FY (Annual Financial Statements);
- Recommended the Management Representation Letter for the 2018/19FY Audit of Performance Information;
- Recommended the Management Representation Letter for the combined reasonable and limited assurance engagement on the socio-economic development outcomes of the Company for the year ended 31 March 2019;
- Recommended the TPL Management Representation Letter for the year ended 31 March 2019;
- Recommended the annual general meeting pack;
- Approved the external audit fee;
- Recommended the going concern assessment for the period ended 30 September 2019;

### Summary of key activities and outputs (decisions, approvals, policies and procedures) for 2019/20 (continued)

- Recommended the GMTN Programme financial results for the period ended 30 September 2019;
- Recommended the Condensed Consolidated Financial Results for the period ended 30 September 2019;
- Recommended the draft Transnet advert for the period ended 30 September 2019;
- Recommended the Group Management Representation Letter for the period ended 30 September 2019; and
- Recommended the Annual Work Plan for the 2020/21FY.

### Key challenges (what they were, responses and continuing challenges)

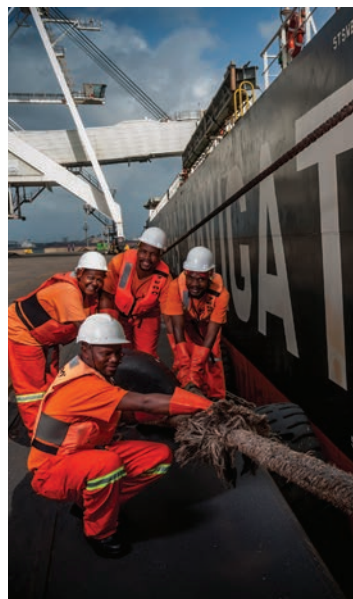
- The risks of breaching the Company's loan covenants
- The Integrated Assurance Plan and Transnet Internal Audit's findings remain sources of concern
- Lack of contract management and the Company's exposure to recurrence of irregular expenditure transactions

### Focus areas for 2020/21

- Financial risks as a result of Covid-19
- Impact of Covid-19 on financial sustainability and revenue growth

<sup>1</sup> Appointed as the Chairperson with effect from 15 June 2020.

<sup>2</sup> Resigned with effect from 31 March 2020.





Remuneration, Social and Ethics Committee	
<ul style="list-style-type: none"> <li>Total number of meetings held during the year: 11</li> <li>Directors' attendance at Remuneration, Social and Ethics Committee meetings denoted by ( )</li> </ul>	<ul style="list-style-type: none"> <li>Executive director<sup>^</sup></li> <li>Independent non-executive director<sup>+</sup></li> </ul>
<b>Chairperson</b> Dr FS Mufamadi <sup>+</sup> (11)	<b>Members</b> <ul style="list-style-type: none"> <li>Ms UN Fikelepi<sup>+</sup> (10)</li> <li>Prof EC Kieswetter<sup>+1</sup> (1)</li> <li>Ms ME Letlape<sup>+</sup> (11)</li> </ul> No external advisers attended committee meetings during the year.

Summary of the committee's mandate
<p>The Remuneration, Social and Ethics Committee is constituted as a statutory committee of Transnet SOC Ltd in respect of its statutory duties in terms of section 72(4) and Regulation 43 of the Companies Act, and as a committee of the Board in respect of all other duties assigned to it by the Board in terms of its mandate.</p> <p>The committee provides the following support activities to the Board:</p> <ul style="list-style-type: none"> <li>Advises the Board regarding responsible corporate citizenship and the ethical relationship between the Company and its stakeholders, both internally and externally. The committee manages the Company's legal and moral obligations for its economic, social and natural environment, including the objectives and standards of the Company's conduct and activities.</li> <li>Manages and monitors the Company's activities to achieve and maintain world-class standards in the Company's social and ethics environment, with due regard to all relevant legislation, policies, legal requirements and codes of best practice.</li> <li>Oversees the ethics management programme implemented by management.</li> <li>Ensures that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high-performance employees at all levels in support of realising corporate objectives and to safeguard the Shareholder's interests.</li> <li>Reviews the design and management of salary structures, policies and incentive schemes and ensures that they motivate sustained high performance and are linked to corporate performance.</li> <li>Reviews the mandates of the remuneration committees of the subsidiaries of Transnet and approves their recommended remuneration policies and practices.</li> <li>Develops and implements a remuneration philosophy for disclosure to enable a reasonable assessment of reward practices and governance processes to be made by stakeholders.</li> <li>Recommends the level of independent non-executive directors' fees to the Board.</li> <li>Ensures compliance with applicable laws and codes.</li> <li>Considers and makes recommendations on all human capital matters related to the:             <ul style="list-style-type: none"> <li>Restructuring of Transnet;</li> <li>Disposal of assets/part of Transnet's business;</li> <li>Acquisition of assets/new business; and</li> <li>Development of human resources issues.</li> </ul> </li> <li>Approves succession planning policy and procedures for the Group Executive Committee (other than executive directors) and the Extended Executive Committee members.</li> </ul>

Summary of key activities and key outputs (decisions, approvals, policies and procedures) for 2019/20
<p>The committee held 11 meetings in the year under review where it:</p> <ul style="list-style-type: none"> <li>Recommended the Remuneration, Social and Ethics Committee Annual Work Plan for the 2019/20FY;</li> <li>Recommended the Remuneration, Social and Ethics Committee mandate;</li> <li>Recommended the payment of the long-term incentive conditionally awarded in the 2015/16FY to qualifying employees in Grades B and C;</li> <li>Recommended the approval of an acting allowance for the Acting Group Chief Executive;</li> <li>Recommended the approval of an acting allowance for the Acting Group Chief Financial Officer;</li> <li>Recommended the approval of the Lifestyle Audit Policy;</li> <li>Recommended the implementation to the Board and Shareholder Minister of the Department of Public Enterprises' Remuneration Guide, effective from 1 April 2020;</li> <li>Recommended a remuneration policy for non-executive directors for approval;</li> <li>Approved the Long-Term Incentive Scheme conditional awards for the 2017/18FY;</li> <li>Approved the recruitment process for the vacant position of the Group Company Secretary through advertisements as well as a headhunting process;</li> </ul>

### Summary of key activities and key outputs (decisions, approvals, policies and procedures) for 2019/20 (continued)

- Recommended the authorisation of the sponsorship agreement between Transnet SOC Ltd and F. Hoffmann-La Roche AG for the period from 2019 to 2023;
- Approved the role profiles and advertisements for the position of the Chief Audit Executive;
- Recommended a remuneration policy for employees at management level to the Board for consideration and onward submission to the Shareholder Minister for approval;
- Recommended the ex gratia payment to Transnet employees earning more than R1,1 million for the 2018/19FY to the Board for approval;
- Recommended the Acting Policy for Executive Committee Members to the Board for approval;
- Recommended the half-year payment to bargaining unit employees in respect of the current Short-Term Incentive Scheme to the Board for approval;
- Approved the three-year Transformation, Diversity and Inclusion Strategy and Plan (2020 – 2023) for inclusion in the Corporate Plan as a business imperative;
- Recommended the top-up payment for the Transmed Medical SATS funding 2020 to the Finance and Investment Committee for recommendation to the Transnet Board for final approval;
- Recommended the amended Productivity Incentive Scheme for Bargaining Unit Employees to the Board for approval;
- Approved and signed off on the Ground Rules that will govern the new Short-Term Incentive Scheme for management employees;
- Recommended the Long-Term Incentive's new design control to the Board for approval;
- Approved the amendments made to the new Lifestyle Audit Policy for onward recommendation to the Board for noting purposes;
- The committee approved the mandate for the 2020/21FY management increases; and
- Recommended the Remuneration, Social and Ethics Committee Annual Work Plan for the 2020/21FY to the Board for approval.

### Key challenges (what they were, responses and continuing challenges)

- Remuneration of non-executive directors
- Actions required in terms of suspensions and appointments of senior executives in light of widespread corruption allegations
- Measures to address employee and public safety and fatalities incidences
- Need to effect consequence management measures for employees found guilty of fraud and corruption
- Recruiting and finalising permanent executive appointments

### Focus for 2020/21

- Assess and address CSI participation during and post Covid-19
- Assess and address the impact of Covid-19 on the post-pandemic remuneration philosophy

<sup>1</sup> Prof EC Kieswetter resigned as a non-executive director of the Company and Chairperson of the Remuneration, Social and Ethics Committee with effect from 6 May 2019.

Corporate Governance and Nominations Committee	
<ul style="list-style-type: none"> <li>Total number of meetings held during the year: 6</li> <li>Directors' attendance at Corporate Governance and Nominations Committee meetings denoted by ( )</li> </ul>	<ul style="list-style-type: none"> <li>Executive director<sup>^</sup></li> <li>Independent non-executive director<sup>†</sup></li> </ul>
<b>Chairperson</b> Dr PS Molefe <sup>1†</sup> (4)	<b>Members</b> <ul style="list-style-type: none"> <li>Ms DC Matshoga<sup>†</sup> (5)</li> <li>Ms UN Fikelepi<sup>†</sup> (5)</li> <li>Mr OM Motaung<sup>†2</sup> (5)</li> <li>Dr FS Mufamadi<sup>†</sup> (1)</li> </ul> No external advisers attended committee meetings during the year.

Summary of the committee's mandate
<p>The Corporate Governance and Nominations Committee is constituted as a committee of Transnet SOC Ltd in respect of all other duties assigned to it by the Board in terms of its mandate.</p> <p>The committee provides the following support activities to the Board:</p> <ul style="list-style-type: none"> <li>Ensures that the Board's composition and structure enable it to fulfil the obligations of the Board's mandate and advance and maintain the Company's corporate governance policies and the Corporate Governance Framework.</li> <li>Sets criteria for the nomination of directors to be recommended to the Board for appointment to the committees of the Board, other than the Audit Committee.</li> <li>Nominates potential Audit Committee members for appointment by the Shareholder Minister.</li> <li>Nominates potential Remuneration, Social and Ethics Committee members for approval by the Board and confirmation by the Shareholder Minister at the annual general meeting or through a written resolution.</li> <li>Ensures that best practice succession planning policies are implemented in respect of executive directors and independent non-executive directors.</li> <li>Administers and manages the selection process of the Group Chief Executive on behalf of the Board and makes recommendations on the top three candidates, in order of priority, to the Board by complying with the <i>Guidelines for the Appointment of a Chief Executive for a State-owned Enterprise</i>.</li> </ul>

Summary of key activities and key outputs (decisions, approvals, policies and procedures) for the 2019/20 financial year
<p>The committee held six meetings during the year under review where, among others, it:</p> <ul style="list-style-type: none"> <li>Recommended that the Board approves the amendments to the Compulsory Savings Fund;</li> <li>Recommended that the Board approves the appointment of Mr von Zeuner and Ms Ramphaka to chair the Finance and Investment Committee and Risk Committee, respectively;</li> <li>Recommended the structure of the Group Executive Committee to the Remuneration, Social and Ethics Committee for consideration prior to it being tabled to the Corporate Governance and Nominations Committee;</li> <li>Recommended that the Board approve the 2019/20FY Shareholder's Compact subject to inclusion of the changes to the Shareholder's Compact and the changes to be submitted on the Significance and Materiality Framework;</li> <li>Recommended the abridged governance section of the Integrated Report to the Board for approval;</li> <li>Recommended the annual general meeting pack to the Board for approval;</li> <li>Recommended to the Shareholder Minister that Mr MS Mahomed's appointment as Acting Group Chief Executive of the Company with effect from 1 September 2019 be extended until finalisation of the appointment of the Group Chief Executive;</li> <li>Recommended the selection of Transnet representatives on various boards/boards of trustees to the Board for approval;</li> <li>Recommended amendments to the 2019/20FY Shareholder's Compact;</li> <li>Recommended the 2020/21FY Shareholder's Compact to the Board for final approval and onward submission to the Shareholder Minister;</li> <li>Recommended that the Board:           <ul style="list-style-type: none"> <li>Approves the proposed structure of the top leadership team and Exco, which consolidate functions to enhance organisational efficiency and ensure strategic and operational alignment while creating the appropriate separation of roles;</li> <li>Approves the proposed changes to the structures of office of the Group Chief Executive, Group Finance, Group Legal, Group Strategy, Group Corporate Communications and Group Business Development;</li> <li>Provides support to fast-track the recruitment process to fill vacant positions where the scope of work has significantly changed.</li> </ul> </li> <li>Recommended that the Shareholder Minister notes the resignation of Ms Ramasela Joyce Ganda as a non-executive director of the Transnet Board of Directors, Chairperson of the Audit Committee, and a member of the Finance and Investment Committee with effect from 31 March 2020; and</li> <li>Approved the proposed Board and committee in-house training plan for the 2020/21FY.</li> </ul>

### Key challenges (what they were, responses and continuing challenges)

- DOA Framework
- Director development and continuous Board improvement
- Board composition and evaluation
- Shareholder's Compact monitoring
- Review cross-cutting matters from other committees
- Governance processes/instruments
- Executive succession planning
- Delays in the appointment of key executives and the Group Company Secretary, which were addressed

### Focus areas for 2020/21

- Ensure the DOA Framework remains fit for purpose
- Plan for director development with clear monitoring criteria
- Define the role of the director within the context of Covid-19
- Monitor the execution of the revised Shareholder's Compact
- Conduct governance assessments and review state of governance

<sup>1</sup> Dr PS Molefe was reappointed as the Chairperson of the committee in accordance with the Company's Mol with effect from 16 March 2020.

<sup>2</sup> Adv Oupa Motaung passed away subsequent to year-end.



## Risk Committee

- Total number of meetings held during the year: 8
- Directors' attendance at Risk Committee meetings denoted by ( )

- Executive director<sup>^</sup>
- Independent non-executive director<sup>†</sup>

### Chairperson

Ms GT Ramphaka<sup>†</sup> (8)

### Members

- Ms UN Fikelepi<sup>†</sup> (8)
- Ms ME Letlape<sup>†</sup> (8)
- Ms DC Matshoga<sup>†</sup> (7)
- Mr LL von Zeuner<sup>†</sup> (7)

No external advisers attended committee meetings during the year.

## Summary of the committee's mandate

As set out in King IV and the PFMA, risk management is ultimately the responsibility of the Board. The Risk Committee is constituted as a committee of Transnet SOC Ltd in respect of all other duties assigned to it by the Board in terms of its mandate.

The committee provides the following support activities to the Board:

- Reviews and assesses the integrity of the risk control processes and systems
- Ensures that the risk policies are managed effectively and in accordance with the Enterprise Risk Management Framework approved by the Board from time to time
- Ensures effective communication pertaining to risk management with the internal and external auditors, the Audit Committee, the Board, management and regulators
- Contributes to a climate of discipline and control which will reduce opportunities for fraud and other operational losses
- Assesses any significant risk control failings or weaknesses and their potential impact, and confirms that appropriate action has or is being taken

## Summary of key activities and key outputs (decisions, approvals, policies and procedures) for 2019/20

The committee held eight meetings during the year under review where it:

- Approved the 2019/2020 insurance renewal;
- Recommended the proposed Risk Committee mandate to the Board for approval;
- Recommended the Risk Committee Annual Work Plan for 2019/20FY to the Board for approval;
- Approved the Transnet Forensic Plan for the 2019/20FY;
- Resolved that, in line with the applicable procurement processes, an IT expert should be appointed expediently to manage the ICT project and transition;
- Revoked the DOA on movement at management levels A to C. Having noted the risks that were identified in the Company and the provisions of the DOA Framework, the committee resolved that:
  - A moratorium be issued on management's delegated authority relating to organisational or departmental restructuring, reallocation of employees, changes in job profiles and reporting lines, and the filling of vacancies for all employees on levels A to C;
  - Until the appointment of the permanent Group Chief Executive, all related changes or appointments should be escalated to the committee responsible for the oversight of the portfolio for referral to the Remuneration, Social and Ethics Committee to validate prior to implementation; and
  - Decisions made in relation to either employee appointments or changes in reporting lines and portfolios implemented from 22 April 2019 be submitted to the respective Board committee mandated to oversee the specific expert portfolio for referral to the Remuneration, Social and Ethics Committee for review; and
  - Consequence management would be instituted for non-adherence to the moratorium.
- Resolved that having identified the risks related to Transnet International Holdings (TIH):
  - The Board should take a resolute decision on the continued existence of TIH, a wholly owned subsidiary of the Company, as a registered entity and the governance thereof in line with the applicable governance process; and
  - The Acting Group Chief Executive should oversee the management of TIH until the Board has made a decision on the continued existence and operation of the subsidiary.
- Resolved that the Remuneration, Social and Ethics Committee be requested to:
  - Review the employment contracts of the Group Executive Committee members who report to the Group Chief Executive;
  - Conduct performance appraisals for the 2018/19FY of the Group Executive Committee members who report to the Group Chief Executive; and
  - Provide feedback to the Board at its meeting on 29 May 2019.

### Summary of key activities and key outputs (decisions, approvals, policies and procedures) for 2019/20 (continued)

- Resolved that in the interim no action should be taken against IGS Consulting Engineers cc, pending the appeal court process and the outcome of the lifestyle audit;
- Approved the Integrated Security Strategy;
- Approved the insurance renewal terms and premiums for the 2020/21FY;
- Considered the IT Data Transition Plan - Legal Update;
- Considered the Transformation Programme on Risks;
- Considered the Property Strategy overview and stabilisation plan;
- Considered the initiatives and related risks of private sector participation;
- Considered procurement risks;
- Considered the outcomes of the Internal Audit reports;
- Considered the human capital risks;
- Considered Transnet Freight Rail's operations and security risks, including the related challenges at City Deep, and its safety risks including derailments, level crossings and substantive SHEQ information;
- Considered corporate and regulatory reports;
- Considered progress on the cancellation of the OEM contract;
- Considered the updates on the National Railway of Zimbabwe recapitalisation project; and
- Considered the mandate for the class action settlement.

### Key challenges (what they were, responses and continuing challenges)

- An increasing trend in derailments has been addressed across the Company and visible leadership strategies were implemented, such as regular engagement with employees on a range of matters, including safety
- Credit rating agencies' assessments and their impact on the Company's funding requirements. Mitigation plans to improve the Company's rating while taking cognisance of the link with the Sovereign, included reducing and deferring capital spend and instituting alternative funding models until a stable position is achieved
- Fraud risks which included forensic management briefings on consequence management implementation and ensuring expedited management of cases through forensic investigations
- Status of ongoing forensic investigations
- The committee held focused meetings to ensure that it received regular updates on the forensic investigations and consequence management implementation. The forensic portfolio was moved from Transnet Internal Audit to the Corporate and Regulatory portfolio
- Reputational risks
- The committee has further streamlined risk reporting through integrated risk reporting across the business to ensure effective oversight of the Company's business risks

### Focus areas for 2020/21

- Assess and address residual risks resulting from Covid-19
- Address ICT risks, particularly cyber security
- Address contract management risks
- Address people-related risks
- Address security risks

Finance and Investment Committee	
<ul style="list-style-type: none"> <li>Total number of meetings held during the year: 6</li> <li>Directors' attendance at Finance and Investment Committee meetings denoted by ( )</li> </ul>	<ul style="list-style-type: none"> <li>Executive director^</li> <li>Independent non-executive director†</li> </ul>
<b>Chairperson</b> Mr LL von Zeuner† (6)	<b>Members</b> <ul style="list-style-type: none"> <li>Ms RJ Ganda† (3)</li> <li>Adv OM Motaung†<sup>1</sup> (5)</li> <li>Mr AP Ramabulana† (4)</li> </ul> No external advisers attended committee meetings during the year.

Summary of the committee's mandate
<p>The Finance and Investment Committee is constituted as a committee of Transnet SOC Ltd in respect of all other duties assigned to it by the Board in terms of its mandate.</p> <p>The purpose of the committee is to:</p> <ul style="list-style-type: none"> <li>Advance and maintain the Company's financial and investment policies to ensure its financial sustainability;</li> <li>Approve investment transactions within the committee's delegated authority;</li> <li>Oversee trends in supplier development and localisation spend in line with Broad-Based Black Economic Empowerment plans, and monitor progress on these plans;</li> <li>Consider strategic growth investments and partnerships and make recommendations to the Board;</li> <li>Monitor the implementation of strategic growth investments and partnerships against the approved plans;</li> <li>Recommend divestments (disposals) to the Board in line with the DOA Framework;</li> <li>Approve procurement strategies and oversee related awards in line with the DOA Framework; and</li> <li>Consider property lease agreements in line with the DOA Framework.</li> </ul>

Summary of key activities and key outputs (decisions, approvals, policies and procedures) for 2019/20
<p>The committee held six meetings during the year under review where it:</p> <ul style="list-style-type: none"> <li>Recommended the transfer of the RUMO investment from the share registrar to the stock exchange for subsequent disposal of Transnet SOC Ltd's shareholding in Ruma Logistica Operadora Multimodal S.A; and delegated authority to the Acting Chief Financial Officer to perform all duties to the extent that those powers and duties related to the disposal of all the units in RUMO on the open market;</li> <li>Recommended the bad debt write-off relating to various Transnet Property old debt to the Board for its approval;</li> <li>Approved the proposed basis upon which the revised terms and conditions of the SA Express loan will be negotiated;</li> <li>Approved the proposed basis upon which the Passenger Rail Agency of South Africa's (Prasa) long-outstanding debt, revised access charges and optimal property portfolio will be negotiated;</li> <li>Recommended the Finance and Investment Committee mandate to the Board for approval;</li> <li>Recommended the Annual Work Plan for the 2019/20FY to the Board for approval;</li> <li>Approved the Credit Policy in line with the Company Policy Framework;</li> <li>Approved the business case for the third tippler at Richards Bay;</li> <li>Deferred the approval of the Transnet Procurement Plan for the 2019/20FY to the National Treasury;</li> <li>Recommended for approval confinement to MTN for the provision of field devices;</li> <li>Recommended the Property Strategy to the Board for its approval;</li> <li>Recommended the updated DMTN Programme to the Board for its approval;</li> <li>Recommended the Corporate Plan for the 2020/21FY to the Board for approval;</li> <li>Recommended the payment of the Transmed Medical Fund SATS funding 2020;</li> <li>Recommended the proposed amendments to the Supply Chain Policy to the Board for approval; and</li> <li>Recommended the committee's Annual Work Plan for the 2020/21FY to the Board for approval.</li> </ul>

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#### Key challenges (what they were, response and continuing challenges)

- Governance issues regarding the Company's subsidiaries, associates and joint ventures
- Procurement governance, including management of confinement and emergency procurement transactions
- Debt owed by Prasa and SA Express
- Optimising the property portfolio and the delays in finalising the Property Strategy
- The impact of TNPA corporatisation on the Company's balance sheet

#### Focus areas for 2020/21

- Assess and address financial sustainability post Covid-19
- Assess and address revenue growth and diversification

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<sup>1</sup> Adv Oupa Motaung passed away subsequent to year-end.

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## Group Executive Committee meetings

Schedule of members' attendance at Group Executive Committee meetings held during the period under review:

Members	25
Ms PPJ Derby <sup>1</sup>	5
Mr G de Beer <sup>#2</sup>	22
Mr MA Fanucchi <sup>3</sup>	18
Ms Corli Janse van Rensburg <sup>4</sup>	2
Mr S Khathi	11
Mr MD Gregg-Macdonald <sup>5</sup>	20
Ms R Madiba <sup>#</sup>	21
Ms N Mdawe <sup>*</sup>	7
Mr MS Mahomed <sup>6</sup>	13
Mr TE Majoka <sup>#</sup>	9
Mr L Moodley <sup>7</sup>	2
Ms X Mpongoshe <sup>#</sup>	16
Mr K Ngema <sup>8</sup>	1
Ms X Ntshingila <sup>9</sup>	1
Mr K Phihlela	9
Ms M Phillips	12
Ms S Qalinge <sup>*</sup>	—
Mr K Reddy <sup>10</sup>	20
Ms L Sesoko <sup>11</sup>	—
Ms NE Sishi <sup>12</sup>	—
Ms N Sithole <sup>*</sup>	3
Mr LL Tobias <sup>#</sup>	18
Mr R Vallihu <sup>#</sup>	14
Ms SA Vorster <sup>13</sup>	17

<sup>1</sup> Appointed as the Group Chief Executive and executive director of the Company with effect from 1 February 2020.

<sup>2</sup> Ceased to be a member of Exco with effect from 27 February 2020.

<sup>3</sup> Resigned with effect from 9 April 2020.

<sup>4</sup> Appointed to Exco with effect from 27 February 2020.

<sup>5</sup> Reappointed as the Acting Group Chief Financial Officer with effect from 1 April 2020 following the termination of his appointment on 1 February 2020.

<sup>6</sup> Reappointed as the Acting Group Chief Financial Officer with effect from 1 February 2020. He subsequently exited the Company through a mutual separation agreement with effect from 1 April 2020.

<sup>7</sup> Dismissed with effect from 30 April 2020.

<sup>8</sup> Appointed to Exco with effect from 27 February 2020.

<sup>9</sup> Appointed to Exco with effect from 27 February 2020.

<sup>10</sup> Acting Chief Strategy Officer with effect from 27 February 2020.

<sup>11</sup> Appointed to Exco with effect from 27 February 2020.

<sup>12</sup> Exited the Company through a mutual separation agreement.

<sup>13</sup> Contract terminated.

<sup>#</sup> Ceased to be members of Exco with effect from 27 February and 1 April 2020, respectively.

<sup>\*</sup> Currently on suspension.

## Regulatory compliance framework

### Compliance including PFMA, Companies Act and King IV



King IV. P13 & P16

The Board recognises the Company's accountability to all its stakeholders under the regulatory requirements applicable to the business, and is committed to high standards of integrity in the conduct of its business. In view of the importance of complying with the ever-increasing universe of regulatory requirements, the Board, executive management and employees are regularly apprised of the compliance requirements through continuous training.

In addition, internal controls are constantly being developed, tested and monitored to ensure continuous compliance.

