
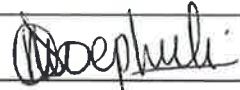


TRANSNET



Transnet Group

Water Policy

Policy Reference Number	TG/TGR 12/4P
Version Number	1.0
Effective Date	1 June 2017
Review Date	1 May 2022
Policy Owner	General Manager: Corporate Sustainability
Signature	
Policy Sponsor	Chief Corporate and Regulatory Officer
Signature	
Date Approved	21 JUNE 2017.

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Corporate Sustainability

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Recommended by Policy Owner and Policy Sponsor:

I hereby acknowledge that a search has been conducted and that the Policy is not duplicated or in conflict with any other Transnet Policies.

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Final Approval

Name of Committee

22/06/2017

Date Approved

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Summary of Version Control

Version Number	Effective Date	Summary of Changes
1.0		This is a founding policy.



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BACKGROUND

- 1.1 Transnet SOC ("Transnet") as the custodian of rail, ports and pipeline business plays an important role in growing the South African economy. Transnet has a reliance on water resources throughout its business operations, value chain and value network and thus making water vital to its business.
- 1.2 Water scarcity, water access and water quality are prominent global risks that are predicted to present increasingly significant global challenges. Furthermore, climate change is expected to give rise to shifting rainfall patterns, eco-system changes, droughts, floods and extreme weather events that will impact on waterways, water management systems, food security and livelihoods in many parts of the world.
- 1.3 The Sustainable Development Goals, adopted by the UN in September 2015, which South Africa is signatory to- include access to, and sustainable management of water and sanitation for all. Transnet commits to align its business with the undertakings therein.
- 1.4 In South Africa, access to water is a Constitutional human right, with water access protected for all citizens. South Africa is however, water stressed and is facing a number of water resource challenges, including security of supply, environmental degradation and resource pollution.
- 1.5 The Department of Water and Sanitation is responsible for the formulation and implementation of policy governing this sector. The objective of the National Water Act, Number 36 of 1998 as amended is primarily to achieve the sustainable use and management of water for the benefit of all users.
- 1.6 The National Development Plan, 2011, targets the need to reduce water demand in urban areas to 15% below the business-as-usual scenario by 2030, while ensuring that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognising the trade-offs in the use of water. It also targets five-year reviews of bulk water supply and wastewater management for major centres, and the creation of regional water and wastewater utilities and expanded roles for water boards.

- 1.7 Transnet utilises and interacts with water resources throughout its business activities including construction and operation of ports, railways and pipelines, while generating wastewater. This infrastructure is also vulnerable to extreme weather events, including coastal storms, floods, drought and changing geographic patterns of water availability and scarcity. Through this policy, Transnet develops a framework through which the utilisation of, and interaction with water resources; and generation of wastewater should be managed in order to reduce reliance on and impact caused by their activities on this limited resource in the short, medium and long term.

PURPOSE

- 2.1 This Water Policy provides the framework within which Transnet develops a comprehensive approach to water stewardship in the management of water and wastewater in its operations and properties.

DEFINITIONS

3. The following definitions apply in the Water Policy:
- 3.1 **"Conservation"**- in relation to a water resource, means the efficient use and saving of water, achieved through measures such as water saving devices, water-efficient processes, water demand management and water rationing.
- 3.2 **"Pollution"**- the direct and indirect alteration of the physical, chemical and biological properties of water resource which result in it being less fit for any beneficial purpose for which it may reasonably be expected to be used.
- 3.3 **"Sustainable Water Use"**- involves the rigorous assessment of all source of clean water to establish the current and future rates of use, the impacts of that use both downstream and in the wider area where the water may be used and the impact of contaminated water streams on the environment and economic wellbeing of the area.

- 3.4 **"Watercourse"**- means a river, spring, a natural channel in which water flows regularly or intermittently, a wetland, lake or dam into which, or from which, water flows. A reference to a watercourse includes its bed and banks.
- 3.5 **"Wastewater"** – means any water that has been adversely affected in quality by anthropogenic influence. It can originate from a combination of domestic, industrial, commercial or agricultural activities, surface runoff or storm water, and from sewer inflow or infiltration.
- 3.6 **"Water Management"**- the process of embracing the management of both the quality and quantity of natural and treated waters, including protection, conservation, use, development and control of water resource management.
- 3.7 **"Water use"**- includes taking and storing water, activities which reduce stream flow, waste discharges and disposals, controlled activities (activities which impact detrimentally on a water resource), altering a watercourse, removing water found underground for certain purposes, and recreation.
- 3.8 **"Water resource"**- includes a watercourse, surface water, estuary or aquifer, and includes both from water and coastal water.

POLICY STATEMENT

- 4. Transnet is committed to the South African Government's vision for the conservation and the sustainable management of the country's water resources. Transnet will therefore promote the adoption of sustainable water use and management practises throughout the business. Transnet understands that its operations and activities play an important role in achieving these objectives and the company therefore commits to:
 - 4.1 Use water efficiently;
 - 4.2 Exercise due care and diligence to prevent water pollution;
 - 4.3 Conduct periodic water management audits/inspections/reviews to confirm baselines of water consumption, wastewater generation and water use

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- monitoring throughout the business; as well as assessing the business's impacts on watercourses.
- 4.4 Ensure that water audits are conducted at appropriate time intervals in accordance with relevant Environmental permits, authorisation or licenses and Transnet policies, standards and procedures as required for assurance and compliance purposes;
 - 4.5 Develop management plans in each Operating Division and Corporate Functions to ensure sustainable water consumption and wastewater management;
 - 4.6 Develop Network Master Plans to document assessment of the existing infrastructure condition, update present and future water demands, modelling of networks and water loss analysis to identify network rehabilitation and new infrastructure options;
 - 4.7 Establish water and wastewater management systems for all relevant operational processes in each Operating Division and Corporate Functions;
 - 4.8 Ensure that suitably trained, qualified and experienced personnel are appointed to implement this policy across all Operating Divisions and Corporate Functions;
 - 4.9 Ensure that operations have relevant water permits and license, and comply with the conditions thereof;
 - 4.10 Set performance indicators and targets for water conservation and wastewater management;
 - 4.11 Include water performance indicators in the performance scorecards of Executives and Management where applicable;
 - 4.12 Monitor and record water use, consumption, water costs and wastewater discharge across all Operating Divisions and Corporate Functions;
 - 4.13 Develop management systems and adopt technologies for water harvesting and water recycling;
 - 4.14 Report regularly through the Governance Structures on water management performance in each Operating Division and Corporate Functions;

- 4.15 Report to stakeholders on water management performance in the annual Sustainability Report or as and when required;
- 4.16 Communicate key water messages internally and externally with key stakeholders to promote awareness on water stewardship issues and afford timeous and informed decisions;
- 4.17 Specify and contractually enforce water use management standards in the procurement of applicable equipment, materials, goods and services;
- 4.18 Apply water and wastewater management standards in all Transnet capital investment plans and in the procurement of capital project contracts;
- 4.19 Adopt applicable Green Building Council standards for the construction, renovation, upgrade and maintenance of all Transnet properties;
- 4.20 Test and pioneer the adoption of new innovative technologies and methods aimed at improving water efficiency and water resource management;
- 4.21 Create awareness amongst employees about the need for and benefits of water conservation both at work and home;
- 4.22 Facilitate the development of water management skills through the Transnet Academy, Transnet Foundation and employee development programmes; and
- 4.23 Collaborate with customers, suppliers, Government, communities, non-government organisations, industry bodies, the media and other stakeholders to advance this Water Policy and share best practices in water resource management.

SCOPE

- 5.1 This Water Policy shall apply throughout Transnet and to its employees its contractors, suppliers and service providers to the extent that they are operating in Transnet.

OBJECTIVES

- 5.2 The objectives of the Water Policy are to:
 - 5.2.1 Promote the adoption of sustainable water use and management practises throughout the business;
 - 5.2.2 Improve quality and reduce quantity of wastewater discharge;
 - 5.2.3 Encourage reuse and recycling of water;
 - 5.2.4 Improve water efficiency;
 - 5.2.5 Improve data management and increase understanding of water use;
 - 5.2.6 Ensure water efficiency is integral to procurement, development processes and decisions making;
 - 5.2.7 Review targets and actions to ensure relevancy;
 - 5.2.8 Promote water accounting;
 - 5.2.9 Account for changes in water performance; and
 - 5.2.10 Promote water conservation and stewardship.

OUTCOMES

- 5.3 Improved water stewardship shown by:
 - 5.3.1 Improved water efficiency
 - 5.3.2 Reduced water costs
 - 5.3.3 Reduced quantity of water discharge
 - 5.3.4 Improved quality of water discharged
 - 5.3.5 Reduced water consumption
 - 5.3.6 Increase in water recycled and reused

ROLES AND RESPONSIBILITIES

- 6.1 The roles and responsibilities for this policy are as follows:
- 6.1.1 The Chief Executive has the overall accountability for the overall Environmental and Sustainability performance and is responsible to:
- Communicate this performance to Transnet SOC Ltd employees, interested parties and stakeholders.
 - Ensure the availability of resources essential to establish, implement, maintain and improve the sustainability performance in Transnet SOC Ltd.
 - Ensure that the operations and maintenance of Transnet SOC Ltd does not impact upon the stakeholders and on the overall environment.
- 6.1.2 The Divisional Chief Executive Officers are accountable and responsible for the sustainability performance of their Divisions and must ensure that:
- Operations and logistical activities are in accordance with the requirements of the Water Policy
 - The provisions and maintenance of systems of work do not pose any risk to water quality
 - The development and implementation of effective water management systems, and provision of resources required to ensure that the objectives and outcomes of this policy are achieved.
- 6.1.3 General Managers, Executive Managers and Senior Managers are responsible for the management of water stewardship issues; ensuring that all employees have been trained in water management tools and procedures that are relevant to their respective functions; and ensuring compliance to the requirements of this policy and other related procedure.
- 6.1.4 All departments shall support, monitor and maintain conformance to the requirements of this policy and legislative requirements; and implement corrective measures where non-conformances and gaps have been identified.

6.1.5 The Sustainability and Environmental Management personnel shall maintain communication and co-operation with the Department of Water and Sanitation to engage on water issues and advancement of the Sustainable Development Goals related to water.

RELATED INFORMATION AND REFERENCE

7. The following documents were used to formulate the Water Policy and as such should be read in conjunction with this policy:

7.1 Internal Documents:

- Transnet Code of Ethics policy
- Transnet Company Policy Framework
- Transnet Integrated Report
- Transnet Sustainability Report
- Transnet Regulatory Universe
- Transnet Safety, Health, Environmental and Quality Risk Management Policy
- Transnet Integrated Supply Chain Management Policy
- Transnet Procurement Policy
- Transnet Energy Policy
- Transnet Stakeholder Engagement Policy

7.2 External Documents:

- Constitution of the Republic of South Africa, 1996
- Global Corporate Sustainability Report 2013
- ISO (International Organization for Standardization) 14001: Environmental Management Systems, 2015
- The CEO Water Mandate, United Nations Global Compact
- National Development Plan, 2011
- National Water Resource Strategy June 2013 second edition
- National Climate Change Response White Paper

- National Environmental Management Act (NEMA), No. 107 of 1998
- National Environmental Management: Biodiversity Act, 2004
- National Environmental Management: Integrated Coastal Management Act, No.24 of 2008
- National Environmental Management: Waste Act (NEM: WA), No 59. of 2008
- National Ports Act, No. 12 of 2005
- National Water Act, No. 36 of 1998
- United Nations Sustainable Development Goals

Regulatory Requirements:

- 7.3 Transnet recognises the importance of complying with all applicable regulatory requirements as reflected in the Transnet Regulatory Universe. Specific reference is made to the regulatory requirements listed in 7.2 above.

FINANCIAL IMPLICATIONS

8. Operation Divisions and Specialist units shall make financial provision for the implementation of this policy. Water management giving effect to this Water Policy will result in long term net cost saving for Transnet

EXCLUSIONS

9. There are no exclusions to the Water Policy.

REQUEST TO DEVIATE FROM POLICY

10. In cases where material and compelling circumstances merit deviation(s) from particular provision(s) of this policy, written submissions shall be sent to the Group Chief Executive, who shall have full authority to grant such request, in whole or in part, or to refuse same.

COMPLIANCE MONITORING

11. Implementation of this Policy shall be done in accordance with **Annexure "A"**. Transnet shall develop suitable controls for the implementation of this Policy and undertake periodic audits, as per agreed audit schedules, to assess compliance to this policy.

REVISION

12. This Water Policy will be reviewed every five years or as and when circumstances dictate.

NON-COMPLIANCE

13. Breaches of this Policy will be seen in a very serious light. Employees who do not comply with the Policy or principles and standards contained herein may be subjected to disciplinary action in terms of the applicable Transnet disciplinary processes and procedures.

ANNEXURE A: IMPLEMENTATION PLAN

All Operating Divisions and Corporate Functions shall:

- Make annual financial provision for expected water stewardship initiatives as at 2017/18;
- Establish a water use baseline by 2018/2019;
- Identify significant water users by 2018/2019
- Define and classify all water uses by 2018/2019;
- Develop Invasive Species Monitoring Control and Eradication Plans by September 2017 and facilitate implementation;
- Develop Integrated Water Management Plans by 2019/2020;
- Include water performance indicators in the performance scorecards of Executives and Management where applicable starting in the Financial Year 2019/20;
- Set performance indicators and targets for water conservation and wastewater management starting in the Financial Year 2019/2020;
- Install smart water meters by 2021;
- Acquire Water Use Licenses where there are non- compliance gaps;
- Prepare a comprehensive water stewardship performance report for the entire business for input into the annual Sustainability Report and Integrated Report; and
- Undertake water management audits every two years starting in the Financial Year 2018/19.