

Application of King IV Principles

Principle 1: Leadership

The Accounting Authority should lead ethically and effectively

Governance outcomes:

- Ethical Culture
- Legitimacy



King IV.P1

Application	Explanation
Declaration of interest (DOI) process	<ul style="list-style-type: none"> • There are Declaration of interest and related party disclosure policies for directors and employees are in place to govern the management of conflicts and related matters. • All directors and employees (including consultants and fixed-term contractors) are required to declare their interests annually or as and when there are changes in their interests in accordance with the policies. • The declaration of interest is a standing item on the agenda of all Board and committee meetings, Exco and committee meetings and all other key meetings where decisions are taken. • The declarations of interest for directors are presented to the Board for consideration prior to presentation at the AGM on the recommendation of the Corporate Governance and Nominations Committee. • The REMSEC reviews the declarations of interest of the directors and members of the Group Executive Committee for oversight purposes. • The Register of Declaration of Interests for Directors and Prescribed Officers is tabled at the Company's annual general meeting for noting by the Shareholder.
Management of ethics-related policies	<ul style="list-style-type: none"> • The Company has the following policies in place in support of creating ethical culture: Code of Ethics, No Gifts and Hospitality Policy, the Non-Executive Directorship and Trusteeships Policy, Whistle-blowing Policy, Anti-Bribery and Anti-Corruption Policy, Domestic Prominent Influential Persons and Foreign Prominent Public Officials Policy and the Lifestyle Audit Policy. These policies apply to both employees and directors.

Principle 2: Organisational ethics

Govern the ethics of the organisation in a way that supports the establishment of an ethical culture

Governance outcomes:

- Ethical Culture
- Effective Control
- Legitimacy



King IV.P2

Application	Explanation
The Remuneration, Social and Ethics Committee	<ul style="list-style-type: none"> • The committee is responsible for the governance of ethics and ensures that the Company's ethical performance is assessed, monitored, reported and disclosed in the Company's Integrated Report. • Social and ethics matters are considered by the Remuneration, Social and Ethics Committee and there is a social and ethics focused meeting held on an annual basis. • The Company's Code of Ethics, which applies to the directors and employees of the Company, is reviewed every five years or as and when necessary.
Ethics Management Programme	<ul style="list-style-type: none"> • The Board has an approved Code of Ethics which is published on the Transnet website and incorporated into contractual arrangements with all employees and suppliers, and integrity pacts are concluded with all bidders and suppliers. • Ethics management is led from the office of the Chief Legal Officer who is an Exco member, in conjunction with the Chief of Security. • Aspects of the Code of Ethics are included in fraud and corruption awareness training and are accessible to all employees on the Company's intranet. • The Board has in support of its ethics management programme, approved the Transnet Lifestyle Audit Policy which is applicable to all employees. The Board of Directors, in support of all employees, also participates in the lifestyle audit process to set the tone from the top.
The Code of Ethics ('The code')	<ul style="list-style-type: none"> • The Code of Ethics includes the Company's values and guidelines, and sets out the ethical standards for business practice, individual business conduct, and assists all employees and directors with their ethical deliberations, choices, decisions and conduct.

Principle 3: Responsible corporate citizenship

Ensure that the organisation is and is seen to be a responsible corporation citizen

Governance outcomes:

- Ethical Culture
- Legitimacy



King IV.P3

Application	Explanation
Good corporate citizenship	<ul style="list-style-type: none"> • The Board ensures that the Company is a responsible corporate citizen by complying with all national and international laws and standards, and adheres to its own Codes of Conduct and policies. The Company is also a signatory to the UN Global Compact and has extensive corporate social investment (CSI) programmes in place. • The Transnet Foundation is responsible for driving the Company's socio-economic developmental agenda to benefit communities along its operational footprint and other beneficiaries. • The Company's community investment programmes are underpinned by its commitment to uplifting and empowering communities through health interventions, promoting education and training, enabling effective asset utilisation to provide much needed infrastructure solutions, developing rural sports, and deploying employees' skills and competencies to effect positive changes in the various communities. • Socio-economic initiatives are managed at the highest level and form part of the Shareholder's Compact targets. • The ESG report is a standing item at the meetings of the Remuneration, Social and Ethics Committee, and the reports are tabled on a quarterly basis at the Audit Committee meetings. • The Board monitors CSI activities through REMSEC and reports on its CSI activities annually in the Integrated Report.

Principle 4: Strategy and performance

The Accounting Authority should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

Governance outcome:

- Good Performance



King IV.P4

Application	Explanation
Board strategic session and the deep dive	<ul style="list-style-type: none"> • The Board holds strategy workshops and deep dive sessions where matters of a topical and strategic nature are discussed in detail. Initiatives and recommendations from these sessions are then formulated into strategies and plans and submitted to the Board for formal consideration.
Shareholder's Compact	<ul style="list-style-type: none"> • The Company annually enters into a Shareholder's Compact with the Shareholder Minister. The Shareholder's Compact mandates the Company to deliver on numerous strategic deliverables, a process which the Board oversees. The Board monitors the Company's performance against the targets set out in the Shareholder's Compact and ensures that there are adequate processes in place for budget planning and allocation to advance the Company's mandate. • The Shareholder's Compact was approved by the Corporate Governance and Nominations Committee as delegated by the Board in the year under review.
Corporate Plan	<ul style="list-style-type: none"> • The Corporate Plan was approved by the Board and submitted to the National Treasury and the Department of Public Enterprise as required by the PFMA. • The Transnet Corporate Plan is prepared annually by the Group Exco and approved by the Board. The Corporate Plan outlines the Company's strategy, objectives and plans, and details the initiatives and associated key performance indicators that will be implemented to achieve the Company's strategic objectives.
Risk identification assessment and Going concerns	<ul style="list-style-type: none"> • Transnet has adopted an Integrated Risk Management Policy and Enterprise Risk Management (ERM) Strategy and Framework as approved by the Board as part of the strategy review. • The Company continually performs regular risk identification assessments and reports these to the Risk Committee and elevates material changes in the Company's risk profile to the Board when so required. • The Audit Committee assesses the going concern assertion of the Company on regular basis and makes a statement to that effect in the Company's financial statements after submission to the Board.
Delegation of Authority (DOA) Policy and Framework	<ul style="list-style-type: none"> • The Delegation of Authority Policy, approved by the Board in May 2021, outlines and documents a structured decision-making architecture for the Board of Directors and management in order to promote effective and efficient governance in line with the approved Company structure. • The DOA Framework devolves the powers that vest with the Board as the Accounting Authority to various appointed functionaries and established governance structures to enable the business strategy and defines the limits of authority designated by the Board.
Company strategy	<ul style="list-style-type: none"> • Transnet revised and refined the Transnet Segment Strategy, which was approved by the Board on 18 February 2021 for implementation in the year under review.

Application of King IV Principles

Principle 5: Reporting

The Accounting Authority should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects

Governance outcomes:

- Effective Control
- Legitimacy



King IV. P5

Application	Explanation
Department of Public Enterprise Quarterly Report	<ul style="list-style-type: none"> • The Board ensures that the Company adheres to all procedures for quarterly reporting to the Executive Authority through the submission of quarterly reports to the Shareholder Minister as required by the PFMA. • Key decisions taken and governance milestones achieved by the Board and its committees are reported quarterly to the Shareholder.
Integrated Report	<ul style="list-style-type: none"> • The Integrated Report provides information of material significance in creating short, medium and long-term value. • To ensure the integrity of the reporting, the Integrated Report is compiled and reviewed by an interdisciplinary management team prior to submission of relevant sections to the appropriate Board committees for recommendation to the Board for approval. Assurance on accuracy and reliability of financial information and sustainability matters is provided by the external auditor. • Key governance matters are reported in the Integrated Report by the Board and its committees in the governance section. • The Group Company Secretary certifies that the Company has filed with the Companies and Intellectual Property Commission all such returns and notices for the year end, as required in terms of the Companies Act, and that all such returns are true, correct and up to date.
Annual financial statements	<ul style="list-style-type: none"> • The Company issues audited interim and annual financial statements in line with applicable legislation. • The Company also reports on the extent of its compliance with the Companies Act in the directors' report in the annual financial statements.

Principle 6: Primary roles and responsibilities of the Accounting Authority

The Accounting Authority should serve as the focal point and custodian of the corporate governance in the organisation

Governance outcomes:

- Ethical Culture
- Ethical Control
- Good Performance



King IV. P6

Application	Explanation
Annual review of the committee charters	<ul style="list-style-type: none"> • The Board and its committees have approved charters, which are reviewed on an annual basis for relevance and adequacy. • The Board and committee charters outline the roles and responsibilities of the Board and each committee.
Access to Company information	<ul style="list-style-type: none"> • The Board has unrestricted access to all Company information, records, documents and property subject to internal controls.
Board of Directors' meetings	<ul style="list-style-type: none"> • The Board meets at least four times a year. The number of meetings held and attendance thereof, together with decisions taken by the Board and its committees, are reported quarterly to the Shareholder and in the Integrated Report. • The Board is satisfied that it has fulfilled its duties and responsibilities in accordance with its charter for the reporting period.

Principle 7: Composition of the Accounting Authority

The Accounting Authority should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

Governance outcomes:

- Ethical Culture
- Effective Control
- Good Performance
- Legitimacy



King IV.P7

Application	Explanation
The Board should comprise appropriate knowledge, skills, experience, diversity and independence	<ul style="list-style-type: none"> • The Company's Memorandum of Incorporation (MOI) prescribes that the minimum number of directors is six (6) and the maximum number is fourteen (14) comprising not less than four (4) non-executive directors. There are currently 10 directors, of which 8 are independent non-executive directors and two are executive directors of diverse race, gender, age and possessing various skills and experience.
Composition of the Accounting Authority	<ul style="list-style-type: none"> • The Board of Directors and members of the Audit Committee and the Remuneration, Social and Ethics Committee are appointed by the Shareholder Minister. • The Board is appointed by the Shareholder on a three-year term renewable for two terms and as confirmed at every annual general meeting. The executive directors are appointed on five-year contract terms. • The Corporate Governance and Nominations Committee compiles the Board skills matrix for consideration by the Shareholder Minister as part of non-executive directors' succession planning activities. • The Corporate Governance and Nominations Committee, through the Board of Directors, recommends the appointment of executive directors to the Shareholder.
The MOI of the Company provides that the Board shall at all times consist of a majority of independent non-executive directors	<ul style="list-style-type: none"> • The Board of Directors currently comprises 10 directors, eight of whom are independent non-executive directors, including the Chairperson. • The Board has a minimum of two executive directors, consisting of the Group Chief Executive and Group Chief Financial Officer.

Principle 8: Committees of the Accounting Authority

The Accounting Authority should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and effective discharge of its duties

Governance outcomes:

- Ethical Culture
- Effective Control
- Good Performance
- Legitimacy



King IV.P8

Application	Explanation
The Board and its committees	<ul style="list-style-type: none"> • The Board of Directors established the Audit Committee and the Remuneration, Social and Ethics Committee as statutory committees as well as the Corporate Governance and Nominations Committee, Risk Committee, and Finance and Investment Committee as non-statutory committees. • The Board committees have a minimum of three members. The respective Board committee charters make provision for the minimum number of members required for each committee. • The Board is accountable to the Shareholder Minister on all the decisions taken by any Board committee and by any member of the Board authorised on its behalf. The directors have fiduciary duties to ensure that the Company complies with all legislative and regulatory requirements, including the provisions of the Companies Act, the PFMA, and the King IV Code. • Information on Board committees is disclosed in the abridged governance section of the Integrated Report.
DOA Framework	<ul style="list-style-type: none"> • The DOA Framework, which forms part of the DOA Policy, was approved by the Board in August 2021.
The Board committee charters	<ul style="list-style-type: none"> • All Board committee charters were approved by the Board. • The respective committee Charters also clearly set out the composition, quorum, roles and responsibilities of each committee.

Application of King IV Principles

Principle 9: Evaluation of the performance of the Accounting Authority

The Accounting Authority should ensure that the evaluation of its own performance and that of its own committees, its chair and its individual members support continued improvement in its performance and effectiveness

Governance outcomes:

- Ethical Culture
- Effective Control
- Good Performance
- Legitimacy



King IV.P9

Application	Explanation
Board Performance Evaluation Policy	<ul style="list-style-type: none"> • There is an approved Board Performance Evaluation Policy, which sets out the principles that guide the performance and effectiveness of the Transnet Board, Board committees and individual directors.
Evaluation of the Group Company Secretary	<ul style="list-style-type: none"> • The performance of the Group Company Secretary was evaluated by the Board through the external evaluations. • The Board is satisfied with the performance of the Group Company Secretary.
Meeting Assessments	<ul style="list-style-type: none"> • Meeting assessments are conducted at least twice a year at the Board and subcommittee meetings.

Principle 10: Appointment and delegation to management

The Accounting Authority should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities

Governance outcomes:

- Effective Control
- Ethical Culture
- Good Performance
- Legitimacy



King IV.P10

Application	Explanation
Appointment of the Group Chief Executive	<ul style="list-style-type: none"> • The Board of Directors recommends the preferred candidates for the appointment of the Group Chief Executive to the Shareholder Minister, who makes the final appointment.
Delegation of power	<ul style="list-style-type: none"> • The Board of Directors delegates powers to the Group Chief Executive to manage the business strategically and provide adequate direction to the Company's operations to ensure that the strategy is successfully implemented through the DOA Framework. The Group Chief Executive is assisted by members of the Group Executive Committee to deliver on specific mandates in their areas of responsibility. • The DOA Policy and Framework also outlines both the Shareholder and Board-reserved matters.
Review of the Delegation of Authority Framework	<ul style="list-style-type: none"> • The Board approved the Delegation of Authority Policy and Framework, which outlines and documents a structured decision-making framework for the Board of Directors and management. It devolves the powers that vest with the Transnet Board as the Accounting Authority to the various appointed functionaries, and established governance and defined the limits of authority as designated by the Board.
Appointment of the Group Company Secretary	<ul style="list-style-type: none"> • The appointment of a Group Company Secretary is a statutory requirement for the Company. • The Group Company Secretary was appointed by the Board effective 1 April 2022.
Independent advice	<ul style="list-style-type: none"> • The Board and committee charters provide for authority to seek independent advice and to consult with specialists or consultants, facilitated by the Group Company Secretary.

Principle 11: Risk governance

The Accounting Authority should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

Governance outcomes:

- Effective Control
- Ethical Culture
- Good Performance
- Legitimacy



King IV.P11

Application	Explanation
Integrated Risk Management Policy	<ul style="list-style-type: none"> • The Board has approved the Integrated Risk Management Policy which paved the way for a more cohesive approach to risk management in the organisation at three levels, namely strategic, tactical and operational. • The purpose of the Integrated Risk Management Policy is to outline Transnet's policy directive and commitment to risk governance, implementation of risk management processes, risk monitoring and risk reporting.
Risk Committee	<ul style="list-style-type: none"> • The Board of Directors has established the Risk Committee which is responsible for oversight of risk related matters within the Company which include the following: <ul style="list-style-type: none"> - Enterprise Risk Management Strategy and Framework - Integrated Risk Management Plan - Risk Appetite and Tolerance Framework - Enterprise Risk Management Methodology - Risk maturity surveys - Business continuity management plans - Integrated Report (risk management section) - Corporate Plan (risk management section) - Risk and Integrity Management Framework (RIMF) Implementation Plan

Principle 12: Technology and information governance

The Accounting Authority should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Governance outcomes:

- Good Performance
- Effective Control
- Legitimacy



King IV.P12

Application	Explanation
ICT Governance Framework and IT Governance Charter	<ul style="list-style-type: none"> • The ICT Governance Framework and IT Governance Charter are communicated to the Board for review, approval and assessment for effectiveness. • The purpose of the framework is to define the requirements for implementing effective ICT structures, principles, processes and practices that will enable effective IT and Digital Governance within Transnet. The framework sets out the foundation for the effective evaluating, directing, and monitoring of ICT within Transnet. • The purpose of the charter is to define, assign and communicate roles and responsibilities for IT governance to relevant stakeholders within Transnet in order to: <ul style="list-style-type: none"> - Ensure clear accountability and responsibility for IT governance within the Transnet Group - Implement an IT governance structure that allows ICT to operate cohesively throughout Transnet and facilitate the achievement of strategic business objectives - Align IT governance with group-wide governance practices - Adopt IT governance good practices across the Group - Ensure that all ICT decisions are business case driven to the maximum benefit of the Group - Develop understanding and support of the practices driving the success of the Operating Divisions (ODs) - Attain and maintain the buy-in of the CIOs for transversal initiatives

Application of King IV Principles

Principle 12: Technology and information governance

The Accounting Authority should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Governance outcomes:

- Effective Control
- Good Performance
- Legitimacy

Application	Explanation
Delegation to management to implement, executive effective technology and information management	<ul style="list-style-type: none"> • The delegation of ICT from the Board to management is addressed in the DOA Framework which is approved by the Board. • The Risk Committee is delegated with the responsibility of exercising ongoing oversight of ICT risk management. • The Risk Committee also oversees the establishment and implementation of business continuity initiatives that enable Transnet to continue to operate under conditions of IT instability and to be able to recover from any serious risks.
ICT integration	<ul style="list-style-type: none"> • There is integration of people, technologies, information and processes across the organisation. There is ethical and responsible use of technology and information, and compliance with relevant laws.
ICT role in ensuring business resilience	<ul style="list-style-type: none"> • ICT's challenges on disaster recovery plans, tests and reports were communicated to the Board and its subcommittees.
Ensuring responsiveness to cybersecurity and social media risks	<ul style="list-style-type: none"> • The Board receives feedback on the Transnet cybersecurity posture and plans. Transnet IT positions cybersecurity as a top priority and guards against negative publicity and reputational damage.
Monitoring of third-party and outsourced service provider risks	<ul style="list-style-type: none"> • Transnet calculates the potential risks or vulnerabilities by completing a service provider assessment for each third-party engagement and further conducts thorough due diligence before the relationship commences.

Principle 12: Technology and information governance

The Accounting Authority should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Governance outcomes:

- Effective Control
- Good Governance
- Legitimacy

Application	Explanation
Monitor and evaluate value delivered from technology investments and projects	<ul style="list-style-type: none"> • Apply benefits realisation management to plan for, monitor and track benefits realisation throughout the project delivery process: <ul style="list-style-type: none"> - Pre-Execution Planning - FEL 1 - Identify and Quantify Benefits - FEL 2 - Value and Appraise Benefits - FEL 3 - Value and Appraise Benefits - FEL 4 - Benefits Planning - Execution Phase (and Closeout) - Benefits Realisation - Benefits Realisation Report - Benefits Review Health Check - Post Implementation - User Adoption Change Management reports

Principle 12: Technology and information governance

The Accounting Authority should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Governance outcomes:

- Good Performance
- Effective Control
- Legitimacy

Application	Explanation
Management of the disposal of obsolete technology and information	<ul style="list-style-type: none"> • Governed by Divisional Bid Acquisition Council.
The ethical and responsible use of ICT and compliance with applicable laws	<ul style="list-style-type: none"> • The Board has requested and been provided with insight on the ICT's regulatory universe.
Oversee management of information (including use of information architecture, protection of privacy and security)	<ul style="list-style-type: none"> • ICT analyses information used by the organisation. • ICT tracks and enforces regulatory compliance (POPI Act) and conformance to regulatory policies, standards, architecture and procedures.
The overview of arrangements governing and managing technology and information	<ul style="list-style-type: none"> • The ICT Executive Committee has been established as a structure that provides feedback to the Group Executive Committee on matters pertaining to the ICT strategy, Corporate Plan and digital initiatives. Development and implementation of data and information architecture that supports confidentiality, integrity and availability of information.

Principle 12: Technology and information governance

The Accounting Authority should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Governance outcomes:

- Good Performance
- Effective Control
- Legitimacy

Application	Explanation
Areas of current and future focus	<ul style="list-style-type: none"> • ICT aims to employ a digital-first culture to digitise both existing and next-generation products and services. • The digital-first approach is enabled by the provision of digital platforms as well as disruptive and enabling technologies to support digital transformation which underpins a strong digital backbone. • Leveraging an ecosystem that includes strategic partnerships to ensure that ICT provides agile and innovative services.
Significant changes, acquisitions, incident management and remedial action	<ul style="list-style-type: none"> • This is the primary role of the ICT leadership (ManCo and Operating Divisions) in conjunction with the IT service providers. • The Change Advisory Board delivers support to a change management team by advising on requested changes, and assisting in the assessment and prioritisation of changes. • Acquisitions are concluded by the Transnet Acquisition Council facilitated by the Supply Chain Management Department. • Incident management, problem management and remedial actions are managed by the ICT Service Management team reporting to the Enterprise Technology Services functional unit.

Application of King IV Principles

Principle 13: Compliance governance

The Accounting Authority should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen

Governance outcomes:

- Ethical Culture
- Effective Control
- Good Governance
- Legitimacy



King IV. P13

Application	Explanation
Compliance management	<ul style="list-style-type: none"> • Transnet has a dedicated Regulation and Compliance function to assist the Board and management with discharging their compliance responsibilities. • The Regulation and Compliance function provides advice, risk management support, and independent monitoring and reporting on compliance controls for high-priority regulatory requirements. • Accountability for the implementation of compliance controls lies with management. • Approximately 174 primary pieces of legislation impact Transnet, inclusive of 45 strategic pieces of legislation. • Compliance is implemented through a risk-based approach using a decentralised model, with compliance officers appointed within Operating Divisions and Corporate Centre functions. • A Compliance Maturity Plan for the 2022/23FY was approved by the Risk Committee. • Compliance standards and frameworks are in place and improvements to adapt to our changing environments are constantly effected. • The stand-alone Compliance Policy will be retired with Compliance Policy Statements being incorporated into a Compliance Framework. • Inspections by environmental regulators are tracked, monitored and reported in the Integrated Report.

Principle 14: Remuneration governance

The Accounting Authority should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short, medium and long term

Governance outcomes:

- Ethical Culture
- Effective Control
- Legitimacy



King IV. P14

Application	Explanation
Remuneration, Social and Ethics Committee	<ul style="list-style-type: none"> • The Remuneration, Social and Ethics Committee considers the non-binding advisory vote of the Shareholder on the Company's remuneration policy, and assists the Board in setting and administering such remuneration policy and applicable practice standards which must be aligned to the strategy of the Company on an annual basis. • The REMSEC recommends the level of independent non-executive directors' fees to the Board for approval by the Shareholder Minister at the annual general meeting. The Board and the remuneration, social and ethics committee continuously assess the effectiveness of remuneration policies.
Remuneration policy	<ul style="list-style-type: none"> • The Remuneration Policy for management is in the process of review and finalisation. The policy will be submitted to the REMSEC and the Board for recommendation to the Minister in August 2022. The work plan for the finalisation of the remuneration policy was submitted to the DPE and several discussions have subsequently taken place with the DPE. • The remuneration policy and philosophy address organisation-wide remuneration and include provisions to attract, motivate, reward and retain human capital. • Remuneration policies and practices are aligned with the Transnet strategy, DPE Remuneration Guide and linked to individual performance. • The remuneration elements and design principles informing the remuneration arrangements for management employees will be included in the remuneration policy. • Remuneration elements for bargaining unit employees are contained in collective agreements. • Details of obligations in executive employment contracts with regard to leave entitlement for executives are included in the relevant policies as prescribed by the Companies Act. • The remuneration and implementation report is tabled annually for separate non-binding advisory votes by shareholders at the annual general meeting.
Remuneration report	<ul style="list-style-type: none"> • The remuneration report includes details of all fees paid to non-executive directors, and remuneration awarded to executive directors and prescribed officers during the reporting period. • The remuneration report includes all remuneration including short and long-term incentive amounts for the current and prior years for executive directors and prescribed officers.

Principle 15: Assurance

The Accounting Authority should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports

Governance outcomes:

- Effective Control
- Legitimacy
- Ethical Culture



King IV.P15

Application	Explanation
Combined assurance	<ul style="list-style-type: none"> • A Combined Assurance Model, which aims to streamline collective assurance effort in order to enable senior management, the Audit Committee and the Board to obtain a comprehensive, holistic view of the effectiveness of internal controls over the organisation's governance and risk management, is in the process of being rolled out. The Combined Assurance Model sets out the roles and responsibilities of the three lines of assurance. • A Combined Assurance Policy has been developed and approved by the Audit Committee. • The Combined Assurance Plan for the 2022/23FY is presented to the Audit Committee for approval. The 2022/23FY plan has been approved. • Internal Audit's assurance responsibilities are defined in the Internal Audit Charter. • Combined Assurance reports as well as reports from Internal Audit and External Audit are submitted to the Audit Committee to enable them to form their opinion on the integrity of information and effectiveness of the control environment.
Assurance of external reports	<ul style="list-style-type: none"> • As a statutory requirement, External Audit provides assurance on the Transnet Annual Financial Statements and Integrated Report. • As part of the Risk Based Audit Plan, Internal Audit provides assurance on the Corporate Plan and Shareholder's Compact performance targets, amongst other reviews.

Principle 15: Assurance

The Accounting Authority should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports

Governance outcomes:

- Effective Control
- Legitimacy
- Ethical Culture

Application	Explanation
Internal Audit	<ul style="list-style-type: none"> • The Board has delegated to the Audit Committee the responsibility to provide oversight on Internal Audit and External Audit activities. • The Internal Audit Charter, which details Internal Audit's purpose, status, authority and responsibilities is approved by the Audit Committee. The Internal Audit Charter is continuously reviewed and updated. The Chief Audit Executive (CAE) ensures that Internal Audit has sufficient and adequate skills for the performance of the Internal Audit function. • To ensure independence of the Internal Audit function, the CAE reports functionally to the Audit Committee and administratively to the Group Chief Executive. • Appointment of the CAE was approved by the Audit Committee and there are mechanisms in place for continuous performance assessment and monitoring. The Audit Committee reviews Transnet Internal Audit's performance of its responsibilities on an annual basis. • The CAE has direct access to the Chairperson of the Audit Committee. • The CAE is a permanent Transnet employee and a member of the Executive Committee with limited rights to ensure independence, i.e. no voting rights. • Internal Audit prepares and submits a risk-based plan annually to the Audit Committee for approval. The 2022/23FY Audit Plan has been approved. • An annual statement on the effectiveness of the governance, risk management and controls is submitted to the Audit Committee. The 2021/22 Internal Audit Assessment has been noted by the Audit Committee. • As part of Internal Audit's Quality Assurance and Improvement Programme, internal quality assurance is conducted continuously and an external independent review is conducted every five years. • Annually, all Internal Audit staff complete a declaration confirming conformance to the Code of Ethics. • All employees including Internal Audit staff complete annual declarations of interest and independence.

Application of King IV Principles

Principle 16: Stakeholder

In the execution of its governance roles and responsibilities, the Accounting Authority should adopt a stakeholder-inclusive approach that balance the needs, interests and expectation of material stakeholders in the best interests of the organisation over time

Governance outcomes:

- Ethical Culture
- Ethical Leadership



King IV.P16

Application	Explanation
Stakeholder relationships	<ul style="list-style-type: none"> • The Board delegates authority to the Group Chief Executive, who reports to the Board, on all material stakeholder issues and takes responsibility for incorporating these into Transnet's strategy and risk management. • Stakeholder engagement practices align with the Company's Culture Charter and supporting values. • Engagement norms include inclusivity, accountability and responsiveness. • Stakeholder engagement performance is measured as a key performance indicator in the balanced scorecards of stakeholder relationship owners. • Stakeholder engagement is centralised, with Corporate Affairs being responsible for coordination of this function, but the Board has overall responsibility for stakeholder engagement. • The monitoring and evaluation of stakeholder engagement is reported to the Remuneration, Social and Ethics Committee and to the Board. • Transnet has adopted guidelines from the AA1000 standards (Accountability Principles Standard 2008 and the AA1000 Stakeholder Engagement Standard 2011). • The Stakeholder Engagement Report incorporates the measurement of the quality of material stakeholder relationships and appropriate responses to the outcomes. The Stakeholder Engagement Policy and Procedure are approved at Board level. • Stakeholder engagement practices are aligned with the Delegation of Authority Framework. • Community Champions enhance provision of feedback on communities' grievances and developments. • A Group Stakeholder Engagement Forum (GSE Forum) has been established. • The Terms of Reference guides the rules of engagements for the GSE Forum. • The Stakeholder Engagement Report provides an overview of engagements with critical stakeholders.
Shareholder Relationship, including the Annual General (AGM) Meeting	<ul style="list-style-type: none"> • There is continuous engagement with the Shareholder Minister and the Department of Public Enterprises. • The AGM notice was published on the Company's website. • The Auditor-General of South Africa was present at the Company's 31st AGM held on 29 October 2021.

