



Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Officials (FPPO) and Related Individuals Policy

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Policy Owner	Executive Manager Investigations and FRM
Signature	
Policy Sponsor	Group Chief of Security
Signature	
Date Approved By Board	31 March 2021

STAKEHOLDERS

	NAME	DESIGNATION	APPROVAL SIGNATURE	DATE	E-MAIL	CONTACT NUMBER
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STAKEHOLDERS

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Final Approval

Board of Directors

Approving Governance Structure

31 March 2021
Date Approved

SUMMARY OF VERSION CONTROL

VERSION NUMBER	EFFECTIVE DATE	SUMMARY OF CHANGES
1.0		Inaugural

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BACKGROUND

- 1.1 This policy is postured in accordance to Principles in the King IV Code which includes, inter alia Principle 13, "The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen".
- 1.2 In addition Principle 15 of the King IV Code states that "The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports".
- 1.3 As an authorised user of the Johannesburg Stock Exchange (JSE) as defined in the Securities Service Act, 2004 (Act 36 of 2004), Transnet SOC Ltd ("Transnet") is an accountable institution listed in Schedule 1 of the Financial Intelligence Center Act, No 38 of 2001 as well as the 2020 JSE Debt Listing Requirements (DLRs).
- 1.4 As a freight and logistics company, Transnet SOC Ltd enters into business relationships with customers, tenants, service providers and/or suppliers who are or whose beneficial ownership include individuals who may be considered to be *Domestic Prominent Influential Persons (DPIPs)* or *Foreign Prominent Public Officials (FPPOs)* and related individuals.

POLICY STATEMENT

- 1.5 As an accountable institution, Transnet will establish relevant controls for the identification of DPIPs and FPPOs and the continuous monitoring of ongoing business relationships involving such persons or officials.
- 1.6 Subject to laws applicable to Organs of State, Transnet, as a commercial enterprise, is free to provide its services to or procure the services of any person within or outside the Republic of South Africa.
- 1.7 Although Transnet is not prohibited from doing business with a DPIP or FPPO or an entity of which such person or official is the beneficial owner, Transnet shall not conduct or conclude business transactions, with any counterparty without having:
 - 1.7.1 Considered relevant governance protocols;
 - 1.7.2 Determined the DPIP or FPPO status of that counterparty; and
 - 1.7.3 Conducted a risk assessment and due diligence to assess the potential risks that may be posed by the business relationship.
- 1.8 Where, the risks of doing business with a DPIP or FPPO are higher than the Company's risk tolerance, the Company reserves the right not to enter into a business relationship person, official or entity.
- 1.9 All commercial contracts entered into by Transnet will provide for the consent of the counter party to disclose any involvement of a DPIP or FPPO in the commercial relationship and Transnet will, having secured such consent annually publish on its website a list of all business contracts entered into with DPIP or FPPO.

PURPOSE

- 2.1 The purpose of this Policy is to outline Transnet's approach on dealing with business relationships with persons who are classified as DPIIP or FPPO and to set out the process to be followed in the identification, treatment and monitoring thereof.
- 2.2 The Policy is intended to set governing principles aimed at mitigating reputational, legal, operational and governance risks associated with DPIIP or FPPO or any potential risk related thereto in accordance with applicable regulatory requirements and industry best practice.

DEFINITIONS

- 3.1 **Beneficial Owner** – refers to a person who ultimately owns, controls and benefits from a company or Trust and the income it generates and in respect of a legal person, means a natural person, who, independently or together with another person, directly or indirectly:-
 - 3.1.1 Owns the legal entity;
 - 3.1.2 Exercises Effective Control of the legal entity;
- 3.2 **Board** - means the Board of Directors of the Company and includes the Board when it acts as the deemed Authority under the National Ports Act No. 12 of 2005, as amended.
- 3.3 **Counterparty** – refers to the other party that participates in a financial transaction (for example, a customer, or service provider)
- 3.4 **Domestic Prominent Influential Person** refers to a person referred to in Annexure A, hereto.
- 3.5 **Foreign Prominent Public Official** – refers to a person referred to in Annexure B, hereto.
- 3.6 **Group Executive Committee or "EXCO"** – The Executive Committee of the Company, inclusive of employees acting in such capacity.
- 3.7 **Politically Influential Person ("PIP")** - the term is used as a collective noun to refer to both "foreign prominent public official" as well as "domestic prominent influential person" as specified in Schedule 3A and 3B of the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) as amended by the Financial Intelligence Centre Amendment Act, 2017 (Act No. 1 of 2017). Even though such reference is made to PIPs in various literature this policy will make reference to Domestic Prominent Influential Persons (DPIIP) and Foreign Prominent Public Officials (FPPO).
- 3.8 **Prescribed Officer** – means a person who, in terms of Regulation 38 of the Companies Act exercises general executive control and management over the whole, or significant portion of the business activities of the company, despite not being a director of the company.

SCOPE

- 4.1 This Policy is applicable to all Transnet governance structures and/or individuals with authority to approve business relationships with persons who are classified as DPIIP or FPPO.

IDENTIFICATION OF A DOMESTIC PROMINENT INFLUENTIAL PERSONS (DPIIP) AND FOREIGN PROMINENT PUBLIC OFFICIALS (FPPO)

- 5.1. Identification of a DPIIP or FPPO must take place before the formation of a business relationship / transaction with a prospective customer, tenant, supplier or service provider or periodically when all existing customers, tenants, service providers and suppliers are screened against publicly available information sources. Annexure D of the Policy provides a process flow for the identification and management of DPIIP or FPPO business relationships.
- 5.2. The DPIIP or FPPO designation stems from the beneficial ownership or shareholding in the entity concerned. Entities will be considered or regarded as high risk for the following reasons:
- 5.2.1. If a DPIIP or FPPO is an associate and holds more than 5% voting rights in the entity; and
 - 5.2.2. If a DPIIP or FPPO exercises significant influence over the policy, business and strategy of that entity.
- 5.3. Transnet will adopt the following procedures to identify DPIIP or FPPO :
- 5.3.1. Risk based approach to ensure compliance with the relevant policies and regulations;
 - 5.3.2. Making enquiries about the DPIIP or FPPO status of prospective counterparties during the tender, negotiation, contracting or account opening process;
 - 5.3.3. Screening all new and existing customers, service providers, tenants and suppliers against the DPIIP or FPPO databases as prescribed by the Financial Intelligence Centre;
 - 5.3.4. Verifying the identities of all new and existing customers, service providers and suppliers against publicly available information;
 - 5.3.5. Risk profiling a person as a DPIIP or FPPO utilising the occupation as well as the industry where the individual works; *and*
 - 5.3.6. Considering other reputable sources of information such as industry publications, government publications or press releases and/or company issued updates.
- 5.4. Once a DPIIP or FPPO is identified, enhanced due diligence (EDD) must be conducted to determine the appropriateness of establishing a business relationship. EDD shall include but will not be limited to the following measures: -
- 5.4.1. Establish and verify the nature of the business;
 - 5.4.2. Establish the intended purpose of the business;
 - 5.4.3. Determine the ownership and control structure;
 - 5.4.4. Establish the identity of the beneficial owner;
 - 5.4.5. Establish if a DPIIP or FPPO influences business policies and strategy;

- 5.4.6. Establish the nature of the position held by the individual concerned (the day-to-day management position versus an individual in a consultative role or a non-executive role); and
 - 5.4.7. Determine the source of funds for the intended transaction or business.
- 5.5. All findings on the screening/due diligence including recommendations must be reported to the Compliance Officer for record keeping and consideration. The FICA Compliance Officer or his/her delegate will:
- 5.5.1 Review the process and provide guidance on the validity or otherwise of the screening/due diligence; and
 - 5.5.2 Make recommendations on how the relationship must be managed.

ROLES AND RESPONSIBILITIES

6.1 FICA Compliance Officer

- 6.1.1 Provide the necessary resources required to implement the Policy across the Company;
- 6.1.2 Ensure reporting in accordance with relevant regulatory requirement and other governance protocols / instrument of control;
- 6.1.3 Refer all identified DPIP or FPPO that exist at Board level to Department of Public Enterprises (“DPE”) through the Board Chairperson. Notwithstanding the above, matters within this Policy involving the Group Chief Executive and the Chief Financial Officer shall be dealt with by the Board; and
- 6.1.4 In the case of EXCO members and Prescribed Officers, matters within this Policy shall be referred to the Group Chief Executive Officer on recommendation of the FICA Compliance Officer as the Policy Sponsor.

6.2 Policy Sponsor and Owner

- 6.2.1 The Policy Sponsor is accountable for the implementation of the Policy;
- 6.2.2 Ensure that there are controls in place to monitor the implementation of the Policy;
- 6.2.3 Ensure that the requirement of this Policy is incorporated into all other relevant processed across the Company; and
- 6.2.4 Review the Policy in accordance with the relevant regulations, policies and procedures.

6.3 Approving Official/ Authority

- 6.3.1 The responsible EXCO Member or relevant governance structure before the commencement of the business relation with a DPIP or FPPO must approve all business relationships with DPIPs or FPPOs;
- 6.3.2 If the responsible EXCO Member is conflicted, the GCE must approve on recommendation of the FICA Compliance Officer; and
- 6.3.3 DPIP or FPPO relationships, where Board Members are concerned, must be referred to the DPE through the Board Chairperson for approval.

6.4 Company Secretary

- 7.4.1 Group Company Secretariat to:
 - 7.4.1.1 Monitor the DPIIP or FPPO declarations at Board, Board committee, Group EXCO and sub-committee meetings in line with the meeting Declaration of Interest register;
 - 7.4.1.2 Upload and keep records of such declarations for Board members and Prescribed Officers on the Company website and report to the relevant committees for noting;
 - 7.4.1.3 Company Secretaries in OD's to monitor DPIIP or FPPO registers for their relevant committee meetings in line with the meeting declaration of interest registers and submit annual DPIIP or FPPO declarations for noting.

6.5 Employees

- 6.5.1 Comply with the provisions of this Policy; and
- 6.5.2 Disclose their status as and when necessary as per the declaration of private interest policy.

6.6 Compliance

- 6.6.1 Conduct DPIIP or FPPO periodic review and provide guidance to inform decision making;
- 6.6.2 Conduct transaction specific Due Diligence and complete and sign the DPIIP or FPPO Reporting Form;
- 6.6.3 Ongoing monitoring of DPIIP or FPPO as part of compliance monitoring process and/or as part of trigger events;
- 6.6.4 Keep records of all approved DPIIP or FPPO due diligence reports as required by the Act;
- 6.6.5 Compliance Officers must ensure that there is an ongoing training and awareness on the Policy and the Act;
- 6.6.6 Maintain a Register of all DPIIP or FPPO for tracking and monitoring purposes;
- 6.6.7 Develop, maintain and monitor the RMCP;
- 6.6.8 Provide RMCP implementation progress report to the relevant governance structures;
- 6.6.9 Conduct regular risk assessment and proactively monitor all DPIIP or FPPO related risks and relationships;
- 6.6.10 Develop an action plan to address all identified risks; and
- 6.6.11 Commercial Agreement to inclusion provisions relating to DPIIP or FPPO.

6.7 Process Owners (including but not limited to Treasury, Property and Procurement)

- 6.7.1 Initiate the screening process by completing the DPIIP or FPPO Reporting Form (Annexure c);
- 6.7.2 Ensure that all activities as prescribed by the Act are carried out in line with the provisions of this Policy for compliance purposes;

- 6.7.3 Ensure that the appointed members of the Transnet Acquisition Council across Transnet and other Investment Committees across the Company are not conflicted as per the provisions of this Policy and the Act;
- 6.7.4 Prepare clear functional processes that takes into consideration the DPIIP / FPPO Policy compliance requirements;
- 6.7.5 Keep records of all approved DPIIP / FPPO business relationships and transaction, as well as other related records in line with the relevant regulations and Transnet retention Schedule;
- 6.7.6 Ensure that a copy of the due diligence report and recommendations are kept as part of the overall transaction file/record;
- 6.7.7 Ensure that process specific systems are linked to the Internal DPIIP / FPPO Database to make it easy to detect and for reporting purposes; and
- 6.7.8 Ensure that there is an ongoing training and awareness in relation to this policy.

RELATED INFORMATION AND REFERENCES

This Policy should be read in conjunction with the following:

7.1 Internal Documents

- 7.1.1 Delegation of Authority Framework;
- 7.1.2 Code of Ethics;
- 7.1.3 Anti-fraud and Anti-Corruption Policy;
- 7.1.4 Non-Executive Directorship and Trusteeship Policy;
- 7.1.5 Credit Policy;
- 7.1.6 Supply Chain Policy (and procurement governance protocols);
- 7.1.7 Declaration of Interest and Related Party Disclosures Policy for Non - Executive Directors;
- 7.1.8 Declaration of Interest and Related Party Disclosures Policy for Employees; and
- 7.1.9 Other relevant policies and procedures.

7.2 Regulatory Requirements and External Documents:

- 7.2.1 JSE Debt Listing Requirements;
- 7.2.2 Protection of Personal Information Act, 2013 (Act No. 4 of 2013);
- 7.2.3 Financial Intelligence Centre Act, 2001 as amended (Act No. 38 of 2001);
- 7.2.4 Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
- 7.2.5 Prevention of Organised Crime Act, 1998 (Act No. 121 of 2009);
- 7.2.6 Public Finance Management Act, 1999 (Act No. 1 of 1999);
- 7.2.7 Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004); and
- 7.2.8 Financial Action Task Force ("FATF") Guidance on Politically Influential Persons June 2013.

FINANCIAL IMPLICATIONS

- 8.1 There may be financial implications in the implementation of this Policy.

EXCLUSIONS

9.1 There are no exclusions to this Policy.

REQUEST TO DEVIATE FROM POLICY

10.1 In cases where material and compelling circumstances merit deviation(s) from particular provision(s) of this policy, written submissions shall be sent to the Board of Directors, who shall have full authority to grant such request, in whole or in part, or to refuse same. Request to deviate from the policy by the Board shall be referred to the Shareholder Minister.

NON-COMPLIANCE

11.1 Breaches of this policy will be seen in a very serious light. Employees and Board members who do not conform to the Policy may be subject to disciplinary action in terms of the applicable regulatory requirements and Transnet disciplinary processes and procedures.

11.2 Non-compliance by the Board of Directors will be referred to the Shareholder Minister.

ANNEXURE A: LIST OF DOMESTIC PROMINENT INFLUENTIAL PERSONS

(A) PROMINENT PUBLIC FUNCTION (SCHEDULE 3A) INCLUDING THAT OF:

- (i) The President or Deputy President;
- (ii) A government Minister or Deputy Minister;
- (iii) The Premier of a Province;
- (iv) A Member of the Executive Council of a Province;
- (v) An Executive Mayor of a Municipality elected in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- (vi) A Leader of a Political Party registered in terms of the Electoral Commission Act, 1996 (Act No. 51 of 1996);
- (vii) A Member of a Royal Family or Senior Traditional Leader as defined in the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003);
- (viii) The Head, Accounting Officer or Chief Financial Officer of a national or provincial department or government component, as defined in section 1 of the Public Service Act, 1994 (Proclamation No. 103 of 1994);
- (ix) The Municipal Manager of a municipality appointed in terms of section 54A of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), or a Chief Financial Officer designated in terms of section 80(2) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- (x) The Chairperson of the controlling body, the Chief Executive Officer, or a natural person who is the accounting authority, the Chief Financial Officer or the Chief Investment Officer of a public entity listed in Schedule 2 or 3 to the Public Finance Management Act, 1999 (Act No. 1 of 1999); *or*
- (xi) The Chairperson of the controlling body, Chief Executive Officer, Chief Financial Officer or Chief Investment Officer of a municipal entity as defined in section 1 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- (xii) A Constitutional Court Judge or any other Judge as defined in Section 1 of the Judges' Remuneration and Conditions of Employment Act, 2001 (Act No. 47 of 2001);
- (xiii) An Ambassador or High Commissioner or other senior representative of a foreign government based in the Republic;
- (xiv) An Officer of the South African National Defence Force above the rank of Major- General.

(B) THE POSITION OF:

- (i) Chairperson of the Board of Directors;
- (ii) Chairperson of the Audit Committee;
- (iii) Executive Officer; *or*
- (iv) Chief Financial Officer,
of a company, as defined in the Companies Act, 2008 (Act No. 71 of 2008), if the Company provides goods or services to an organ of state and the annual transactional value of the goods or services or both exceeds an amount determined by the Minister by notice in the Gazette.
- (v) The position of head or other executive directly accountable to that Head of an international organisation based in the Republic.

ANNEXURE B: LIST FOREIGN PROMINENT PUBLIC OFFICIAL

(A) A FOREIGN PROMINENT PUBLIC OFFICIAL IS AN INDIVIDUAL WHO HOLDS, OR HAS HELD AT ANY TIME IN THE PRECEDING 12 MONTHS, IN ANY FOREIGN COUNTRY A PROMINENT PUBLIC FUNCTION INCLUDING THAT OF A:

- (i) Head of State or Head of a Country or Government;
- (ii) Member of a Foreign Royal Family;
- (iii) Government Minister or Equivalent Senior Politician or Leader of a Political Party;
- (iv) Senior Judicial Official;
- (v) Senior Executive of a State-Owned Corporation; *or*
- (vi) High-Ranking Member of the Military.

(B) THE POSITION OF:

In addition to the definitions prescribed in the FICA, Transnet includes the following relating to foreign prominent individuals:

- (i) Directors, Executives and/or Chief Financial Officers of foreign companies who have known business linkages to individuals defined as DPIIP or FPPO.

ANNEXURE C: DOMESTIC PROMINENT INFLUENTIAL PERSONS (DPIP) AND FOREIGN PROMINENT PUBLIC OFFICIALS (FPPO) REPORTING FORM

IDENTIFICATION PARTICULARS				
<p>"This form contains personal information as defined in the Protection of Personal Information Act, 2013 (the "Act"). By signing this form, the signatory consents to the processing of her/his personal information in accordance with the requirements of the Act. Consent cannot unreasonably be withheld."</p>				
Surname		Identity / Passport Number		
First Names			Date of Birth	
Country Details	Country of Origin	Citizenship	Current Country of Residence	of
Business Address			Residential Address	
CURRENT STATUS AND BACKGROUND				
Current Occupation	Position / Occupation Title		Status (Mark with an "X")	
			Active	Non-Active
Employer / Transnet Division				
Department / Functional Area				

Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Officials (FPPO) REPORTING FORM Cont.

Is the Client / Service Provider / Tenant / Board member (Mark the applicable box with "X")						
A		Closely Related to a DPIP/FPPO		Closely Associated to a DPIP/FPPO		
List all known business interests, in which a DPIP/FPPO may have a direct/indirect interest or significant participation or involvement.						
#	Name of Entity / Business	Role in the Entity / Business (Nature of interest/ Participation)	Shareholding %	Registration Number	Status (Mark the applicable option with an X)	
					Active	Non-Active
1						
2						
3						
4						
SOURCES OF INFORMATION (Including But Not Limited To Media Reports, Govt. Issued DPIP/FPPO list; Commercial Databases, Customer/Service Provide/Board Member Declarations, etc.) (Reporting person must list all known adverse reports and information sources in relation to a DPIP / FPPO)						
Details of the Reporting Employee						
Full Names and Surname						
Designation						
Department						
Operating Division						
Reporting Person's Signature				Date		
Line GM Names & Surname						
Line GM Signature				Date		

COMPLIANCE VERIFICATION REPORT AND RECOMMENDATIONS				
(Verify all known adverse reports and/or information in relation to a DPIP / FPPO)				
Strikethrough the Irrelevant Option		Specify Reason Observation		
Recommended	Not Recommended			
Full Names and surname (Compliance Officer)				
Compliance Office Signature			Date	
Operating Division / TCC Functional Area				
Line GM Name & Surname				
Line GM Signature			Date	
APPROVING / RECOMMENDING EXCO MEMBER				
(in line with the DoA Framework and other governance controls)				
Full Names & Surname				
Signature		Date	Strikethrough the Irrelevant Option	
			Recommended	Approved
Reasons for Not Approving Recommending				

ANNEXURE D: IDENTIFYING AND MANAGING DPIP/FPPO BUSINESS RELATIONSHIPS

