Transnet’s Stakeholder Engagement Policy and Processes Control Framework outline the norms and values that guide our stakeholder relations. These norms and values are embedded in a Company-wide approach to managing stakeholder engagements. These engagements range from formal, daily communication with stakeholders to responding to crises.

Managing our stakeholder relations
Managing our stakeholder relationships

Transnet’s Stakeholder Engagement Policy and Process Control Framework

Stakeholders
- Employees
- Organised trade unions
- Management
- Board of Directors
- Shareholder Minister

Internal
- Newsletters
- Notice board
- Emails
- Meetings
- ‘Toolbox talks’
- Digital signage
- Social media
- Teleconference

Vehicles for communication

Non-conformances, incidents and emergencies
- Occurrence and Non-Conformance Procedure
- Business Continuity Management Procedures

Communication on continual improvement
- Continuous improvement Procedure tabled at management review meetings

Audit findings
- Integrated assurance procedure tabled at the management review meetings as per Leadership Procedure
- High risks escalated to the Risk Management team

Events categorised as ‘Crises’
- Communication as per Transnet Corporate Crisis Communication Policy

Feedback as per Leadership Procedure

External
- Customers
- Investors
- Suppliers and service providers
- Communities
- Regulators
- Government (national, provincial and local)
- Rating agencies and financial institutions
- Non-government organisations
- Media
- Academia and research institutions
- International bodies (e.g., United Nations)
- Other (e.g., citizens and pensioners)

Vehicles for communication

Audit findings
- Integrated assurance procedure tabled at the management review meetings as per Leadership Procedure

Events categorised as ‘Crises’
- Transnet Corporate Crisis Communication Policy

Procedural guidelines for priority response handling

Core principles of stakeholder engagement

Materiality
- Inclusivity
- Materiality
- Responsiveness

Industry
The Multi-stakeholder Perception Survey

Results of the 2017 Multi-stakeholder Perception Survey

Results from the 2017 Multi-stakeholder Perception Survey indicated that Transnet's brand and reputation had been severely compromised during the reporting year due to a lack of proactive stakeholder engagement and a perceived lack of transparency and accountability relating to material stakeholder issues. Allegations of corruption, together with community demonstrations, fatalities, and customer concerns around capacity and delivery, have contributed to negative perceptions with some stakeholders.

Key issues/concerns impacting stakeholders during the reporting period

Based on the combined perspective of 'relevance' and 'importance' of material stakeholder issues, the top 24 material issues have been identified for discussion in the 2018 Integrated Report. These issues are further represented in this report as part of the 2018 material aspects infographic (page 90) and clustered together with the other material issues arising from Transnet's mandate, business context, and the SDGs.

The 2018 Integrated Report attempts to address some of the key issues raised firstly by openly acknowledging concerns or allegations and secondly, by sharing our responses to these issues. While ongoing internal legal investigations for some of the allegations may prevent us from concluding on these issues at the time of publishing the report, we are, at the very least, able to share our mechanisms for handling them.

Key issues arising from our Multi-stakeholder Perception Survey

**Key issues/concerns impacting stakeholders**

1. Improving stakeholder engagement
2. Improving transparency and accountability
3. Improving operational performance
4. Ensuring financial sustainability

**Improving stakeholder engagement**

- Our Stakeholder Engagement and Management Procedure details the communication process for consultation, involvement and stakeholder engagement.
- We are upgrading our stakeholder engagement and management database to be operational in August 2019.
- Our Community Investment Plan (CIP) will simplify engagement with communities near our operations.
- Our Stakeholder Policy manages our stakeholder engagement, while iBELONG, our employee engagement solution, connects employees directly to the Company in their preferred language through various modes, including real-time mobile surveys.
- Group Leadership Team (GLT) members are each assigned an operational area to visit with employees. Issues raised during these visits are prioritised at the GLT structures and addressed accordingly.

**Improving overall compliance with legal and other requirements**

- We are communicating our strategic position through the Draft White Paper on National Rail Policy.
- We have support from the Department of Public Enterprises (DPE) for an appropriate Railway Safety Permit Fee Methodology that is equitable and non-prejudicial.
- We are involved in the Nersa Discussion Document on Prudency Assessment Criteria.
- We are engaging with the DPE to highlight the regulatory risks to Transnet and the petroleum industry.
- We have support from the DPE for an appropriate methodology for the valuation of the National Port Authority's Regulatory Asset Base that will ensure regulatory certainty and a stable tariff path.
- We have bilateral agreements with relevant authorities to streamline our processes with regulatory requirements.
- We continuously monitor and report on compliance with PFMA controls.

**Improving transparency and accountability**

- We institute internal forensic investigations into issues relating to contracts.
- Our team of non-executive directors is leading a review of the Company's procurement processes relating to the 1 064 locomotive contracts.
- We engage with financial institutions to inform them of our strategy, planned capital expenditure, operations and financial position and provide ad hoc requests for credit information.
- We comply with requests from rating agencies for annual reviews and credit information. In our engagements with rating agencies, we provide them with operational and financial information to enable them to provide the market with an independent assessment of Transnet – our sustainability, operations, strategy and impact on South Africa’s economy.

**Ensuring financial sustainability**

- We have facilities available for bridging finance and to meet short-term maturing obligations, while long-term funding is being concluded.

**Improving operational performance**

- We ensure the uniform application of policies and guidelines, as well as processes and standard operating procedures to improve operational efficiencies.
- Our Operating Divisions collaborate to increase efficiencies.
- We conduct workshops in the drafting of tender lines.
- We have implemented the Transnet Integrated Management Approach across our business.
- We engage with customers to address their concerns.
- The TVCC approach streamlines the end-to-end business value chain, optimises processes and improves turnaround times.
Key issues/concerns impacting stakeholders

Transnet’s response:

Improving health and safety performance

- We are running a ‘Zero Harm’ campaign across the company.
- Monthly themes issued by our Health and Safety departments feed into the Visible Felt Leadership (VFL) campaigns highlighting issues of concern.
- 1PL training was rolled out throughout the parts system and headquarters from March 2017 to January 2018.
- Health and safety incident recall audits are held at hot spots where disabling injuries have occurred.
- The GLT undertakes visits to operational areas across Transnet to encourage employee engagements with a view to increasing safety awareness.
- Work stoppages occur across Transnet when investigated outcomes of fatal incidents are presented.
- We conduct regular safety and awareness campaigns for the public at level-crossing areas.

Transnet’s overall strategy: Clarity in terms of the transition from the MDS to Transnet 4.0

- 2019 will be the year of transitioning from the MDS to Transnet 4.0 Strategy. The MDS is largely a capital-intensive strategy to create capacity to meet validated demand and improve operational efficiencies while remaining financially sustainable.
- Transnet 4.0 will build on the foundation created by the MDS. Transnet 4.0 will report on Transnet for completeness in the fast-changing, technology-driven context of the 4th Industrial Revolution. Transnet 4.0 is aligned with the Shareholder’s priorities and has three main growth thrusts: (i) geographic expansion, (ii) product and service innovation, and (iii) expanding the scope of Transnet’s manufacturing business.

Communication of the strategy

- At an Indaba in 2018, we communicated the strategic transition from the MDS to Transnet 4.0 to our internal and external stakeholders.
- We have established a strategic communications team comprising representatives from Corporate Affairs, Human Resources and Business Development to create awareness about the new Transnet 4.0 Strategy.
- The 2018 Integrated Report provides clarity on the transition to Transnet 4.0, including emerging risks, the contextual environment, medium-to-long term capital investment strategies and the company’s long-term planning horizon - Transnet of tomorrow.

Skills development

- The CIP prioritises the intake of learners in communities that are near our operations.
- Our Integrated Report is our primary communication vehicle to all stakeholders published online at www.transnet.net.
- Community development personnel will be appointed at district municipality level through the CIP to oversee community development services, including information on jobs and business opportunities.
- Transnet publishes its information on the intraweb available at www.transnet.net.
- Our Integrated Report is our primary communication vehicle to all stakeholders published online at www.transnet.net.

Improving environmental stewardship

- The Sustainability and Environmental Forum - represented by each Operating Division, Specialist Unit and environmental stewardship personnel - provide platforms to discuss and monitor environmental performance.
- Our environmental risk strategy provides guidelines for implementing sound environmental stewardship.
- We monitor environmental performance through regular audits and inspections.
- Bilateral agreements with the Department of Environmental Affairs and Tourism and with the Department of Water and Sanitation help us to streamline the environmental permitting authorisation and licensing processes.

Improving access to information

- Community development personnel will be appointed at district municipality level through the CIP to oversee community development services, including information on jobs and business opportunities.
- Transnet publishes its information on the intraweb available at www.transnet.net.

Improving Enterprise Development (ED) and Supplier Development (SD)

- The CIP provides a cohesive and integrated approach to the implementation of ED and SD initiatives.
- Supplier hubs provide community development services and business incubation support.
- Community centres help to facilitate entrepreneurship programmes.

"We are very conscious of the link between reputation and the organisation’s capacity to execute its strategy."

Mr Mohammed Mahomedy
Acting Chief Financial Officer