Material aspects impacting our strategy

Levels of accountability for determining material aspects

Transnet determined material aspects through a structured process of identifying relevant issues and prioritising those that are most material to the Company’s commercial, social and environmental contexts. Figure 10 summarises the levels of accountability for identifying, validating and approving Transnet’s material issues, as well as the criteria used during each stage of the process.

Validating material issues

Material aspects are considered for their severity of impact on the Company. Figure 10 shows the areas of the business considered during the process of deriving and validating material aspects. Aspects were measured quantitatively in terms of value impacted (e.g. ZAR impact), and qualitatively in terms of value impacted (e.g. impact on reputation, natural capital, relationship capital and strategy).

Changes in reporting on material aspects

With Transnet’s transition from the MDS to Transnet 4.0, we identified a sixth materiality cluster and associated aspects. Anticipating the future and developing methods of minimising the effects of shocks and stresses of future events, material aspects include:

- Business continuity
- Extreme weather events
- Disruptive technologies
- Restructuring of value chains and Value Networks
- Investing in emerging technologies and ensuring digital readiness

Further, results from the 2017 Multi-stakeholder Perception Survey reflected that Transnet’s brand and reputation were severely compromised during the year by inadequate stakeholder engagement and a perceived lack of transparency and accountability. Accordingly, we identified the material issue of ‘Transparency and accountability’ as an addition to the materiality cluster. Build social trust through ethical leadership and corporate citizenship.

The levels of accountability for identifying, validating and approving Transnet’s material issues

Figure 10

The levels of accountability for identifying, validating and approving Transnet’s material issues

Stage 1

- Identification
- Transnet Sustainability Department
- Group Finance

Stage 2

- Validation
- Transnet Sustainability Department
- Group Finance

Stage 3

- Prioritisation
- Transnet Sustainability Department
- Group Finance

Stage 4

- Approval
- Remuneration, Social and Ethics Committee
- Group Financial Committee
- Risk Committee (all material aspects)
- Transnet Group Leadership (all material aspects)
- Transnet Board of Directors (all material aspects)

Identification criteria

- Frequency of aspect being raised
- Relevance of topics to multiple stakeholders
- Applicability to Transnet’s mandate, strategy and SDOs
- Efficacy of the Transnet control environment in mitigating associated risks
- Emerging risks

Validation criteria

- Actual incidents arising during the year
- Continuing applicability from the prior year
- Stakeholder inclusivity
- Management assessment, discussion and approval
- Appropriateness of the range of aspects to be covered in Transnet’s integrated reporting process
- Severity of impact on the business (i.e. overall impact on the Company’s ability to create sustainable value)
- How and where material issues occur and impact in terms of Transnet’s reporting boundary
- Relevance within the 2018 reporting period

Prioritisation criteria

- Align ‘relevance’ of material aspects with boundary context
- Management perspective on impact and likelihood on Transnet’s business context, strategy
- Alignment with top 10 risks
- Consideration of ‘relevance’ both in terms of challenges and opportunities (i.e. overall impact on the Company’s ability to create sustainable value)

Sustainability Forum

Remuneration, Social and Ethics Committee
Group Financial Committee
Risk Committee (all material aspects)
Transnet Group Leadership (all material aspects)
Transnet Board of Directors (all material aspects)

(Quantitatively measured in potential ZAR impact and qualitatively measured in terms of value impacted (e.g. impact on reputation, natural capital, relationship capital and strategy).
The impact and relevance of material aspects

Following an extensive ‘materiality determination’ process, Transnet identified 24 material aspects impacting strategy and performance during the 2018 reporting year. The 24 material aspects were clustered into six overarching clusters to simplify reporting. The infographic demonstrates the following:

- How each of the 24 material aspects impact critical organisational areas, and
- To what extent each of the material aspects – and hence each individual cluster – is relevant to different stakeholder groups.

The above dual perspective assisted the organisation to refine the materiality determination process to ensure the most material aspects were being addressed.