

## TRANSNET SOC LTD

### GROUP REMUNERATION, SOCIAL AND ETHICS COMMITTEE CHARTER

#### 1. INTRODUCTION

- 1.1 The Remuneration, Social and Ethics Committee ("the Committee") is constituted as a statutory Committee of the Board of Directors ("the Board") of Transnet SOC Ltd ("Company"), established in terms of section 72(4) of the Companies Act, 2008 as amended ("the Companies Act") and Regulation 43 of the Companies Regulations, 2011, as amended ("the Companies Regulations"), with all duties assigned to it by the Board. The Committee is further established by the Board with functions pertaining to Human Capital, remuneration matters and Environmental, Social and Governance (ESG) matters.
- 1.2 This Charter is drafted in accordance with, *inter alia*, the Legal Succession to the South African Transport Services Act, 1989 (Act No. 8 of 1989) as amended, the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, and regulation thereunder, the Companies Act, the Companies Regulations, King IV Report on Governance for South Africa, 2016 ("King IV"), the JSE Debt Listings Requirements, 2020, Protocol on Corporate Governance in the Public Sector, 2000, Handbook for the appointment of persons to boards of state and state controlled institutions, 2008, the Company's Memorandum of Incorporation ("the MOI"), the Delegation of Authority Policy and Framework of the Company, the Significance and Materiality Framework of the Company, the common law, and all other applicable laws and regulations.
- 1.3 Additional provisions regarding the Committee's functioning, for instance in relation to conduct of Committee meetings, are contained in a separate document titled "Additional Rules for Committees", attached hereto as **Annexure B** ("the Rules"). The provisions of the Rules should be read with this Charter. In the event of any conflict between the Rules and this Charter, the provisions of this Charter shall prevail.

#### 2. PURPOSE

- 2.1 The purpose of the Charter is to set out the Committee's role and responsibilities as well as the requirements for its membership, meetings and other procedures.
- 2.2 The Board has delegated to the Committee, the responsibility to oversee the following functions:

- 2.2.1 Ethics
- 2.2.2 Safety
- 2.2.3 Security
- 2.2.4 Stakeholder Management
- 2.2.4 People management
- 2.2.5 Human Capital and Remuneration
- 2.2.6 Environmental, Social and Governance (ESG) and Sustainable Development

### **3. AUTHORITY**

- 3.1 The Remuneration, Social and Ethics Committee ("the Committee") is constituted as a statutory Committee of the Board of Directors ("the Board") of Transnet SOC Ltd ("Company") and derives its mandate from the of the Companies Act, 2008 as amended and as established in terms of section 72(4) ("the Companies Act") and Regulation 43 of the Companies Regulations, 2011.

### **4. MANDATE IN RESPECT OF SUBSIDIARIES OF THE COMPANY**

- 4.1 The Committee shall, as contemplated in section 72(3) of the Companies Act read together with regulation 42(3) of the Companies Regulations, perform the functions of a Social and Ethics Committee on behalf of each Group Company, except those companies which have established their own committees that deal with matters related to Human Capital, Remuneration, Social and Ethics and Environmental, Social and Governance (ESG) Committee.
- 4.2 The roles and responsibilities of the Committee as set out in this Charter apply to the Company and all the Group Companies, except for the companies which have established their own Committee dealing with such matters.
- 4.3 Notwithstanding the foregoing, certain matters undertaken by separate Social and Ethics Committees of other Group Companies shall require the Committee's approval. The Delegation of Authority Policy and Framework and/or the Charters of those committees shall specify such matters.
- 4.4 The Board may authorise the Committee to establish sub-committees within the Group Companies, constituted of appropriately qualified persons to assist in discharging its mandate in respect of any matter contained in this Charter.

- 4.5 The Committee **may** serve as the TNPA and/or other Group subsidiaries' Board Remuneration, Social and Ethics Committee with the same terms of reference prescribed in this Mandate and in this regard TNPA and / or other Group directors subsidiaries' director(s) may be co-opted as deemed fit.

## **5. COMPOSITION**

- 5.1 This Committee shall, at all times, have at least three (3) Non-Executive Directors of the Company as members.
- 5.2 Membership of the Committee shall be elected annually by the Shareholder at the Company's Annual General Meeting ("AGM").
- 5.3 The Chairperson of the Committee may be any member of the Committee save for the Chairperson of the Board. The Chairperson of the Board may, however, be appointed as a member of the Committee.

## **6. TERM**

- 6.1 Each member of the Committee, all of whom are Non-Executive Directors of the Company, shall be a member for the duration of his/her directorship.
- 6.2 The Board shall have the power to recommend, always, the removal of any member from the Committee and to fill any vacancies created by such removal on confirmation/election by the Shareholder.

## **7. ROLES AND RESPONSIBILITIES**

### **7.1 Social and ethics matters**

- 7.1.1 The Committee shall discharge the functions of a Social and Ethics Committee as prescribed by the Companies Regulations.

- 7.1.2 The Committee shall:

*In respect of Social and economic development, and good corporate citizenship*

- 7.1.2.1 Consider the development of standards and requirements relating to ethics, and review statements on ethical standards or requirements for the Group Companies;
- 7.1.2.2 Assist the Boards of the Group Companies with discharging their responsibilities of providing effective ethical leadership for the applicable Group Company and setting the appropriate ethical example and tone for the applicable Group Company;

- 7.1.2.3 Ensure that the ethical culture of the Group Companies is aligned with the tone set by the Board through the implementation of appropriate policies and practices; and
- 7.1.2.4 Monitor ethical conduct by the Group Companies, executives and other senior managers.
- 7.1.2.5 Assist the Boards to:
  - 7.1.2.5.1 Set clear, measurable objectives in respect of ethics management across the Group, and monitor the extent of the successful or unsuccessful implementation thereof;
  - 7.1.2.5.2 Establish a common understanding of the objectives set in respect of ethics management throughout the Group's businesses, and establishing clear key performance indicators for Management to ensure effective implementation thereof; and
  - 7.1.2.5.3 Embed ethical values and culture throughout the Group's businesses, monitor the Board's success in this regard and disclose the results thereof to the Group's stakeholders.
- 7.1.2.6 Review reports from Management of the Group Companies on violations of the Groups' code of ethics, and governance and other Company policies;
- 7.1.2.7 Recommend the marketing and advertising, broad-based black economic empowerment, sponsorship and donations and corporate social investment policies of the Group to the Board for approval;
- 7.1.2.8 Review and make recommendations on any potential conflicts of interest relating to matters of a material nature, and note the annual declarations of interest by members of the Executive Committees of Group Companies and Operating Divisions of the Company;
- 7.1.2.9 Assist the Board to monitor the relationship between Management and the stakeholders of the company; and
- 7.1.2.10 Review and approve the adequacy of the whistle-blowing policies and practices of the Group Companies, to ensure that employees may in confidence and with anonymity raise concerns about possible

improprieties, and that such concerns are investigated and adequate controls are in place to prevent the impropriety from re-occurring. This includes reviewing tip-offs and anonymous complaints and monitoring action taken on confirmed reports.

- 7.1.2.11 Oversee the Group's surveys on:
  - 7.1.2.11.1 The Culture Charter of the Group;
  - 7.1.2.11.2 The reputation management study as part of the Stakeholder Engagement Report;
  - 7.1.2.11.3 The commercial satisfaction index; and
  - 7.1.2.11.4 Ethics of the Group;
- 7.1.2.12 Monitor compliance by the Group Companies with the Employment Equity Act 55 of 1998, and the Broad-based Black Economic Empowerment Act 53 of 2003;
- 7.1.2.13 Review the employment equity plans and reports submitted to the South African Department of Labour;
- 7.1.2.14 Monitor progress in relation to the promotion of gender diversity and the elimination of gender-based income differentials across the Group;
- 7.1.2.15 Discuss issues affecting transformation, which have an impact on the businesses of the Group Companies;
- 7.1.2.16 Provide input into the publication of the broad-based black economic empowerment certificate of the Group Companies, to the extent applicable; and
- 7.1.2.17 Provide guidance and input into the Group's Risk Management Framework, ensuring that appropriate environmental, social and governance related risks (including sustainability risks) are considered and reviewed.

*Environmental, Social and Governance (ESG) Matters.*

- 7.1.2.18 Consider and make recommendations to the Board on carbon footprint and environmental issues important to the businesses of the Group Companies;
- 7.1.2.19 proactively monitor developments in the ESG landscape and ensure strategic alignment of the company's ESG approach to its core business;

- 7.1.2.20 ensure that the Company addresses ESG impacts comprehensively, assess the adequacy of the process by which issues material to the business are determined, considering the concept of double materiality as a means of assessing both financial and non-financial impacts;
- 7.1.2.21 ensure that the Company assess applicable ESG standards and selects those most relevant, and monitor the adoption and integration process of the selected codes and standards;
- 7.1.2.22 ensure that the Company stays informed of changes to the codes and standards landscape and adjusts accordingly;
- 7.1.2.23 ensure that comprehensive stakeholder processes are established to address ESG-related issues, and to monitor the outcomes of engagement processes, particularly in relation to the selection of, and organisational response to, the impact of stakeholder interests on material issues; and
- 7.1.2.24 Committee oversight should include interaction with other committees in instances where there are cross-cutting interests.

#### Consumer relationships

- 7.1.2.25 Ensure that the Group Companies act ethically in respect of customer relations, record management and advertising. Monitor the Group Companies' consumer relationships ensuring that the Group Companies' advertising, sponsorship and public relations practices are aligned with relevant legislation and Group policies.

#### Labour and employment

- 7.1.2.26 Ensure that the Group Companies create an ethical, purposeful and positive work culture for their employees.
- 7.1.2.27 Monitor employees' freedom of association and effective recognition of the right to collective bargaining.
- 7.1.2.28 Monitor the Group Companies' standing in terms of the International Labour Organisation Protocol on decent work and working conditions across the Group.

#### Safety

- 7.1.2.29 Oversee the development of Safety related policies and strategies for recommendation to the Board for approval;

- 7.1.2.30 Approve the communication strategy of a clear vision for the health and safety programs across the group including the impact of environmental health;
- 7.1.2.31 Approve broad safety objectives and goals for the Group of companies;
- 7.1.2.32 Monitor progress towards meeting the broad safety objectives;
- 7.1.2.33 Review and approve the health and safety priority areas for the purpose of rational resource allocation;
- 7.1.2.34 Ensure the promotion of a health and safety culture;
- 7.1.2.35 Ensure the uphold the highest standards in the management of health and safety;
- 7.1.2.36 Monitor safety performance and compliance with applicable legal and regulatory requirements;
- 7.1.2.37 Monitor Transnet's effectiveness in the management of health, safety and related matters regularly;
- 7.1.2.38 Recommend the Transnet's consolidated Safety performance report to the Board;
- 7.1.2.39 Oversee the governance relating to investigation of workplace incidents and accidents and ensure accountability of the leadership for the management of Safety related Board of Inquiry matters.

#### Security

- 7.1.2.40 Oversee the development of security related policies for recommendation to the Board for approval;
- 7.1.2.41 Review and approve security strategies as and when required;
- 7.1.2.42 Approve broad security objectives and goals for the Group of companies;
- 7.1.2.43 Monitor progress towards meeting the broad security objectives;
- 7.1.2.44 Review and approve the security priority areas for the purpose of rational resource allocation;
- 7.1.2.45 Monitor security performance and compliance with applicable legal and regulatory requirements;

7.1.2.46 Monitor Transnet's effectiveness in the management of security related matters regularly;

7.1.2.47 Approve the Transnet's consolidated security performance report.

## 7.2 **Remuneration matters**

The Committee shall:

### 7.2.1 **Rules, Policies and strategy**

7.2.1.1 Oversee that the Group Companies' remuneration strategy is market-related, competitive and business relevant.

7.2.1.2 Review and approve the Group's remuneration policy to ensure the Policy:

7.2.1.2.1 Is based on principles of fair, responsible and transparent remuneration.

7.2.1.2.2 Is consistent with the governance principles and corporate strategy of the Group.

7.2.1.2.3 Is designed to maintain an effective Board.

7.2.1.2.4 Makes provision for remuneration of Executive Management which is fair and responsible within the context of employee remuneration within the Group.<sup>1</sup>

7.2.1.2.5 Is designed to attract, retain and motivate diverse talent, and promotes sustained high performance by employees.

7.2.1.2.6 Contributes to the long-term financial and commercial viability of the Group.

7.2.1.3 Review current industry and general best practice in remuneration and consider whether to incorporate such practices into the Group's remuneration policy and practices.

7.2.1.4 Approve all proposals in relation to Transnet Retirement Fund (TRF) and Transport Pension Fund (TPF) General and Special Rule amendments.

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<sup>1</sup> King IV, principle 14, recommendation 29



- 7.2.1.5 Monitor the implementation and effectiveness of the Group's Remuneration Policy to ensure the Policy achieves its objectives.<sup>2</sup>
- 7.2.1.6 Annually evaluate the Group's remuneration policy and practices.
- 7.2.1.7 Consider the results of the non-binding advisory shareholder votes on the Group's remuneration policy.<sup>3</sup>
- 7.2.1.8 Approve the design of the Group's corporate short-term and long-term incentive and/or retention plans, including determining targets, allocation criteria, participation thresholds and performance conditions.
- 7.2.1.9 Ensure the Guideline for State Owned Companies Remuneration and Incentives for Executive Directors, Prescribed Officers and Non-Executive Directors is applied in formulating remuneration and incentive policies.
- 7.2.1.10 Review the Charters of the Remuneration Committees of the other Group Companies, if any, to approve the remuneration policies and practices recommended by them.

## 7.2.2 **Executive remuneration**

### Group Chief Executive

- 7.2.2.1 Recommend the remuneration, including short-term or long-term incentives, of the Group Chief Executive to the Board for consideration and submission to the Shareholder for approval.
- 7.2.2.2 Approve employment agreements, offers of employment and other elements of remuneration provided to the Group Chief Executive.
- 7.2.2.3 Consider and recommend the Group Chief Executive's key performance indicators for the year to the Board for approval.
- 7.2.2.4 Review the performance assessment of the Group Chief Executive.
- 7.2.2.5 Review, approve and recommend the exit package for the Group Chief Executive, Group Operations Officer and Group Chief Financial Officer to the Board for approval.

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<sup>2</sup> King IV, principle 14, recommendation 31

<sup>3</sup> King IV, principle 14, recommendation 37

7.2.2.6 After giving due regard to performance and market factors, consider the following elements of remuneration annually or as and when required:

7.2.2.6.1 The guaranteed pay package and annual performance bonus of the Group Chief Executive for recommendation to Board.

Group Executive Committee

7.2.2.7 Recommend the remuneration, including short-term or long-term incentives, of Group Executive Committee members to the Board for approval.

7.2.2.8 Approve employment agreements, offers of employment and other elements of remuneration provided to members of the Group Executive Committee.

7.2.2.9 Recommend matters regarding counteroffers to Group Chief Executive, Group Chief Financial Officer, Group Operations Officer and Group Company Secretary in line with Remuneration guidelines to Corporate Governance and Nominations Committee prior Board approval and noting by the Shareholder (GCE and GCFO in accordance with the MOI) where applicable.

7.2.2.10 Review and approve exit packages for the Group Executive Committee members.

7.2.2.11 After giving due regard to performance and market factors, consider annual performance bonuses of the Group Executive Committee members and the Extended Executive Committee members, for recommendation to Board.

7.2.2.12 Ensure that proper reporting takes place regarding the remuneration of the Group Executive Committee/Prescribed Officers as per the agreed performance measures.

Executive Directors and Executive Management

7.2.2.13 Recommend the remuneration, including short-term or long-term incentives, of Executive Directors and Executive Management to the Board for approval.

7.2.2.14 Review the performance assessment of the Executive Directors and the Executive Management of the Company.

### Non-Executive Directors

- 7.2.2.15 Advise the Board of the recommendations it should make to the Shareholder in respect of the remuneration of Non-Executive Directors of the Company,<sup>4</sup> including the Non-Executive members of Committees of the Board. The Committee may, in carrying out this function, seek the views of the Group Chief Executive and independent consultants specialising in remuneration.
- 7.2.2.16 Advise the Boards of Group Companies (other than the Company) of the recommendations it should make to the Company in respect of the remuneration of Non-Executive Directors of the applicable Group Company,<sup>5</sup> including the Non-Executive Directors as members of Committees of the Boards of those Group Companies. The Committee may, in carrying out this function, seek the views of the Group Chief Executive and independent consultants specialising in remuneration; and
- 7.2.2.17 Re-assess fees for Non-Executive Directors on a bi-annual basis to ensure their relevance<sup>6</sup>.

### Other

- 7.2.2.18 Ensure adherence to directives issued by the Shareholder in relation to annual salary increases of Directors and Prescribed Officers.
- 7.2.2.19 Review and recommend the operating model and restructuring of the Company to the Board for approval in consultation with other committees if deemed necessary.
- 7.2.2.20 Recommend the remuneration and annual salary increase of the Group Company Secretary to the Board.

## 7.2.3 **Recruitment and Exit**

- 7.2.3.1 Oversee the facilitation for the recruitment and retention of high-performance employees at all levels in support of realising corporate objectives of the Group.

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<sup>4</sup> Clause [24.1] of the MOI and section 66(8) and (9) s

<sup>5</sup> Clause [24.1] of the MOI and section 66(8) and (9) s

<sup>6</sup> Guideline for State Owned Companies Remuneration and Incentives for Executive Directors, Prescribed Officers and Non-Executive Directors

- 7.2.3.2 Approve the appointment and filling of vacancies of Group Executive Committee members to the board on recommendation of the Group Chief Executive for noting subject to clause 7.2.3.3 below.
- 7.2.3.3 Recommend the appointment of the Group Chief Executive, Group Operations Officer, Group Chief Financial Officer and Group Company Secretary) to the Board for approval subject to the concurrence of CorpGov and in line with the MOI where applicable.
- 7.2.3.4 Recommend the Succession Planning Policy and procedures for Group Executive Committee members (Prescribed Officers) and Executive Directors to the Board for approval.
- 7.2.3.5 Recommend the succession planning for Group Executive Committee members excluding Executive Directors to the Board for approval.
- 7.2.3.6 Group Chief Executive to approve succession planning for Extended Exco excluding the Prescribed Officers for the Remuneration, Social and Ethics Committee to note.
- 7.2.3.7 Consider matters in relation to the dismissal or seeking sanction of dismissal pursuant to a disciplinary or incapacity process or performance hearing or restructuring or change of organisational structure and make recommendations to the Board as it relates to the Group Executive Committee members and Executive Directors in accordance with the MOI.
- 7.2.3.8 Review matters relating to the continuation of the Directors of each Group Company, including the Group Chief Executive and the Chief Executives of the Group Companies, at any time including the suspension or termination of service of an Executive Director as an employee of the applicable Group Company in accordance with applicable provisions of the law and their employment contract for recommendation to Corporate Governance and Nominations Committee for concurrence prior Board approval.
- 7.2.3.9 Review matters in relation to the dismissal or seeking sanction of dismissal pursuant to a disciplinary or incapacity process or performance hearing or restructuring or change of organisational structure as it relates to the Group Chief Executive, Group Chief Financial Officer, Group Chief Operations Officer and Group Company Secretary for recommendation to Corporate Governance and Nominations Committee for concurrence and

onward submission to Board for approval and in accordance with the MOI where applicable.

#### **7.2.4 Disclosures**

- 7.2.4.1 Review and recommend the Remuneration Policy and Implementation Report to be included in the Integrated Report, and any related statutory or governance disclosure to the Board, for approval and onward submission of the Remuneration Policy to the Shareholder for consideration.
- 7.2.4.2 Review the remuneration disclosures in the Annual Financial Statements and ensure that the information is accurate, complete and transparent.
- 7.2.4.3 Recommend a Remuneration Philosophy for disclosure in the Annual Financial Statements, for approval by the Board.
- 7.2.4.4 Provide for a remuneration report to also be presented at an annual general meeting, as prescribed.

#### **7.2.5 Employee remuneration**

- 7.2.5.1 Approve the statutory and other employee benefits applicable to all levels and categories of employees of the Group, including retirement, healthcare and housing benefits.
- 7.2.5.2 Approve the short-term or long-term incentives for all other employees except for Group Executive Committee members.
- 7.2.5.3 Be advised of remuneration policies and practices applied below Executive Management level, for purposes of fulfilling its responsibilities pertaining to the remuneration policies and practices of the Group.
- 7.2.5.4 Approve the overall annual salary increases for the Management category (below the Prescribed Officers) and the Bargaining Unit employees across the Group.
- 7.2.5.5 Review the performance measures to be used for purposes of annual incentive bonuses for all employees across the Group and approve the criteria for participation and the terms to apply.
- 7.2.5.6 Approve general principles relating to terms and conditions of employment contracts and any material changes thereto, in relation to employees across the Group.

## 7.2.6 External payments

- 7.2.6.1 Approve rewards/awards/exceptional payments to external parties (e.g. ex-gratia awards, exceptional performance, recognition payments), in accordance with the Delegation of Authority Policy and Framework.
- 7.2.6.2 Approve sponsorships and donations in accordance with the Delegation of Authority Policy and Framework.

## 7.2.7 People management

- 7.2.7.1 Review the People Management Strategy and Plan and ensure that it is effective and supports the Group's business strategies.
- 7.2.7.2 Ensure compliance to all statutory and best practice requirements regarding employment, labour and industrial relations management.
- 7.2.7.3 Review and recommend the people management structural changes (operating model and organisational structure) to the Group due to restructuring.
- 7.2.7.4 Review the results of periodic employee opinion surveys.

## 7.2.8 Policies

- 7.2.8.1 Review the Delegation of Authority Policy and Framework for adequacy in as far as the Committee's mandate is concerned and make recommendations to the Corporate Governance and Nominations Committee for consideration.
- 7.2.8.2 Monitor compliance with the Delegation of Authority Policy and Framework in as far as the Committee's mandate is concerned.
- 7.2.8.3 The Committee shall grant final approval on the policies and frameworks in line with the Delegation of Authority Policy and Framework.

## 7.3 The Committee may:

- 7.3.1 Make recommendations to the Board regarding amendments to this Charter.
- 7.3.2 Make recommendations to the Board that it deems appropriate on any area within the ambit of this Charter where action or improvement is required, subject to the Delegation of Authority Policy and Framework.

## **8. REPORTING RESPONSIBILITIES**

- 8.1 The Committee shall report, through one of its members, on all matters within its mandate, and on its social and ethics functions to the Shareholder at the AGM<sup>7</sup> as prescribed.

## **9. COMMITTEE OPERATION**

### **9.1 Frequency**

- 9.1.1 The Committee shall hold a minimum of four (4) meetings per financial year, on a quarterly basis, which shall be scheduled in its Annual Work Plan. Meeting dates shall be scheduled on approval of the Corporate Calendar.

### **9.2 Attendance**

- 9.2.1 As per invitation by the Chairperson of the Committee, the following persons may attend Committee meetings:

9.2.1.1 other Directors of the Board.

9.2.1.2 Such other persons determined by the Committee, who may include, where deemed necessary by the Committee, members of the executive and senior management and including independent ESG, Safety, Security I and Human Capital experts.

9.2.1.3 The following persons will be standing invitees of the Committee:

9.2.1.3.1 The Group Chief Executive.

9.2.1.3.2 The Group Chief Financial Officer.

9.2.1.3.3 The Chief Legal Officer.

9.2.1.3.4 The Chief of People and Learning.

9.2.1.3.5 The Corporate Affairs Executive and Spokesperson.

9.2.1.3.6 Group Chief Operations Officer / Chief of Security.

9.2.1.3.7 Group Chief Operations Officer / General Manager: Safety

- 9.2.2 The Committee may invite any other persons required to report at meetings, representative/s of independent experts.

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<sup>7</sup> Regulation 43(5)(c) of the Companies Regulations

9.2.3 The Chairperson of the Committee may attend meetings of the Remsec Committee of the Group Companies where applicable.

**10. APPROVAL AND STATUS OF THIS CHARTER**

10.1 This Charter shall be reviewed by the Committee for adequacy and relevance as and when the Committee deems it necessary, on an annual basis.

10.2 This Charter will be deemed to be accepted by and be binding upon all existing and future members of the Committee from the effective date of their appointment as members, without any further action being required.

**Approved by the Board on 29 November 2024**

**Signed by the Chairperson of the Board**



**Mr Andile Sangqu**

09 December 2024

**Date:**