

## Annexure A: Audit Committee Terms of Reference for Integrated Reporting

Audit Committee Terms of Reference for Integrated Report (IR)	
<b>Purpose in relation to integrated reporting</b>	<ul style="list-style-type: none"> <li>Recommend the annual IR for approval by the Board.</li> <li>Oversee and monitor the quality and integrity of the integrated report IR: incorporating the financial statements sustainability reporting (nine SDOs), and public announcements in respect of the financial results.</li> <li>Assess the overall integrity of the IR project programme – this includes transparency and balance of IR information.</li> <li>Anticipate and understand how regulatory and reporting developments in the areas of financial, sustainability reporting and integrated reporting may affect the company in terms of the six capitals (financial, manufactured, intellectual, human, social and relationship and natural).</li> </ul>
<b>Accountability and responsibilities and Terms of Reference (ToRs)</b>	<ul style="list-style-type: none"> <li>Evaluate factors and risks that may impact on the accuracy of the IR and other external reporting. This includes factors that may predispose management to present misleading information or display significant poor judgement in the provision of information for the collation of the IR.</li> <li>Oversee the governance of the reporting processes and relevance of the related accounting policies and frameworks for the IR, annual financial statements, preliminary results announcements, and interim reports.</li> <li>Assess and give guidance on the application of the principles of comparability (to prior year), balance (address material stakeholder issues), transparency (particularly in terms of PFMA reporting) and reliability (internal and external assurance) insofar as it relates to disclosures contained within the IR.</li> <li>Confirm that material issues relating to sustainability have been ratified/approved by the Remuneration, Social and Ethics Committee.</li> </ul>
<b>Accountability and responsibilities and ToRs</b>	<ul style="list-style-type: none"> <li>Ensure that remuneration disclosures have been approved by the Remuneration, Social and Ethics Committee before recommending the IR to the Board.</li> <li>Provide internal assurance of the factual accuracy of performance data contained within the IR and that the achievement of strategic objectives is based on sound and reasonable judgement.</li> <li>Jointly, with the Risk Committee, approve the Corporate Governance Report to be contained as part of the IR suite.</li> </ul>
<b>Frequency of meetings and manner of call</b>	<ul style="list-style-type: none"> <li>As set out in the corporate calendar. However, where necessary, special meetings will be called for the explicit intention of monitoring and for giving guidance on the production of the IR.</li> </ul>
<b>Quorum</b>	<ul style="list-style-type: none"> <li>As set out in the Audit Committee's overall ToRs.</li> </ul>
<b>IR resources</b>	<ul style="list-style-type: none"> <li>Approved the IR governance process.</li> <li>Project Board to provide support to the Audit Committee in the production of the IR at Audit Committee meetings.</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>The IR Forum Steering Committee, as represented by the General Manager: Group Reporting and Taxation, will report to the Audit Committee on progress and structure as well as content contained within the IR.</li> <li>The Audit Committee will report to the Board on the IR programme.</li> </ul>

## Abbreviations and acronyms

AGM	Annual General Meeting	LTI	Long-term incentive
B-BBEE	Broad-Based Black Economic Empowerment	MCLI	Maputo Corridor Logistics Initiatives
Capex	Capital expenditure	MDS	Market Demand Strategy
CEO	Chief Executive Officer	MI/km	Million litres per kilometre
CIDB	Construction Industry Development Board	MOI	Memorandum of Incorporation
CIPC	Companies and Intellectual Property Commission	MOU	Memorandum of Understanding
CMS	Condition Monitoring System	mt	Million tons
CPI	Consumer price index	mtpa	Million tons per annum
CSI	Corporate social investment	NEAP	National Economically Active Population
CSIR	Council for Scientific and Industrial Research	Nersa	National Energy Regulator of South Africa
DCT	Durban Container Terminal	NGO	Non-governmental organisation
DIFR	Disabling injury frequency rate	NMPP	New Multi-Product Pipeline
DOA	Delegation of authority	NTK	Net ton kilometre
DPE	Department of Public Enterprises	OEM	Original equipment manufacturer
EBITDA	Earnings before interest, taxation, depreciation and amortisation	PAIA	Prevention of Access to Information Act
ED	Enterprise Development	PFMA	Public Finance Management Act
ERM	Enterprise risk management	PPPFA	Preferential Procurement Policy Framework Act
ESD	Enterprise and supplier development	Prasa	Passenger Rail Agency of South Africa
EVP	Employee Value Proposition	PSP	Private-sector partnerships
FEL	Front-end loading	R&D	Research and Development
FRMP	Fraud Risk Management Programme	RAMS	Rail Addressable Market Share
GDP	Gross domestic product	RBCT	Richards Bay Coal Terminal
GFB	General Freight Business	RFP	Request for Proposal
GLT	Group Leadership Team	RMO	Results Management Office
GRI	Global Reporting Initiative	ROCE	Return on capital employed
ICPAF	Integrated Capital Projects/Programme Assurance Framework	ROTA	Return on total average assets
ICT	Information and communications technology	S&P	Standard & Poor's
IFRS	International Financial Reporting Standards	Satawu	South African Transport and Allied Workers Union
IIA	Institute of Internal Auditors	SCM	Supply Chain Management
IR	Integrated Report	SD	Supplier Development
IRIS	Intelligent Real-time Information Services (Advanced Data Analytics and Machine Learning platform)	SDOs	Sustainable Developmental Outcomes
iSCM	Integrated Supply Chain Management	SOC	State-owned company
ISO	International Standards Organisation	STI	Short-term incentive
IT	Information technology	TAL	TransAfrica Locomotive
King III	King Report on Corporate Governance for South Africa, 2009	TEU	Twenty-foot equivalent unit
King IV	King Report on Corporate Governance for South Africa, 2016	TIA	Transnet Internal Audit
KPI	Key performance indicator	TIH	Transnet International Holdings
LNG	Liquefied natural gas	TMPS	Total Measured Procurement Spend
		TSDBF	Transnet Second Defined Benefit Fund
		TTPF	Transnet Sub-fund of the Transport Pension Fund
		TVCC	Transnet Value Chain Co-ordinator
		UNTU	United National Transport Union