
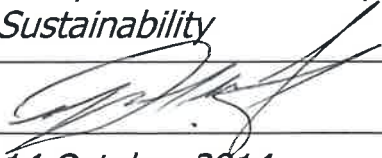





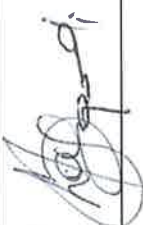



Transnet Group

Energy Policy



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Version Number	<i>1.0</i>
Effective Date	<i>3 November 2014</i>
Review Date	<i>3 November 2016</i>
Policy Owner	<i>General Manager: Public Policy and Sustainability</i>
Signature	
Policy Sponsor	<i>Group Executive: Group Planning and Sustainability</i>
Signature	
Date Approved	<i>14 October 2014</i>

Stakeholders

Name	Designation	Approval Signature	Date	E-Mail	Contact Number
Compulsory Stakeholder Involvement					
Subject Matter Experts	Sherman Indhul Executive Manager: Climate Change		14 October 2014	Sherman.Indhul@transnet.net	(011) 308 1156
Risk Management	Eddie Lindeque General Manager: Group Risk		22/10/2014	Eddie.Lindeque@transnet.net	(011) 308 2472
Compliance	Indira Reddy General Manager: Group Compliance		07.11.14	Indira.Reddy@transnet.net	(011) 308 3590
Legal Services	Ndiphwiwe-Sitlinga General Manager: Group Legal Services (Africa)		06 Nov - 2014	Ndiphwiwe-Sitlinga@transnet.net 104150.mingandi@transnet.net	(011) 308 2350
Other Stakeholder Involvement					
Human Capital(Incl. Labour Consultation)	Sue Albertyn General Manager: Employee Relations		11 Nov 2014.	Sue.Albertyn@transnet.net	(011) 308 2452

Recommended by Policy Owner and Policy Sponsor:

I hereby acknowledge that a search has been conducted and that the Policy is not duplicated or in conflict with any other Transnet Policies.

	Name	Designation	Approval Signature	Date	E-Mail	Contact Number
Policy Owner	Sue Lund	General Manager: Public Policy and Sustainability		14th Oct 2014	Sue.Lund@transnet.net	(011) 308 2340
Policy Sponsor	Mark Gregg-Macdonald	Group Executive: Planning and Sustainability		14/10/2014	Mark.Gregg-Macdonald@transnet.net	(011) 308 1065

Final Approval

Name of Committee

Date Approved

Summary of Version Control

Version Number	Effective Date	Summary of Changes
1.0		This is a founding policy.

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BACKGROUND

1. South Africa is ranked as one of the world's most energy-intensive nations. Electricity supply is constrained, energy costs are rising sharply, liquid fuels are subject to exchange rate risk, and both electricity and liquid fuels carry a high environmental cost.
2. The South African government introduced a National Energy Efficiency Strategy (NEES) in 2009. The NEES set a 12% target for improved *energy efficiency* across all sectors by 2015, and a 9% *energy efficiency* improvement for the transport sector by 2015.
3. The National Development Plan (NDP), 2011 targets that by 2030 South Africa will have a less carbon-intensive electricity supply with increased use of renewable energy and natural gas; and that the country will continue to import liquid fuels.
4. Transnet is an energy-intensive business, reliant on electricity (approximately 63% of energy demand) and liquid fuels (approximately 37% of energy demand) for daily operations. In 2014, the company recorded electricity consumption of approximately 3 770 000 MWh, fuel consumption of 237 mega litres, and carbon emissions of 4,3 million tons CO₂e. Energy costs account for 18% of Transnet's total costs.
5. In 2012, Transnet, along with other large energy-intensive South African companies, signed the Energy Efficiency Leadership Network Pledge, committing to continuous *energy efficiency* improvements through:
 - Establishing *energy efficiency* plans and *energy management systems*;
 - Setting *energy efficiency* targets;
 - Reporting on *energy efficiency* gains; and
 - Building capacity and skills for energy management.

PURPOSE

6. Transnet's Energy Policy outlines Transnet's commitment to *energy performance* improvement within the Company, more specifically providing that Transnet's:
- *Energy consumption* is proactively managed;
 - *Energy efficiency* improves;
 - Greenhouse gas (GHG) emissions decline;
 - Energy costs are reduced; and
 - Energy security improves.

DEFINITIONS

7. The following definitions apply in the Energy Policy:
- 7.1 "*Energy consumption*" – quantity of energy applied.
- 7.2 "*Energy efficiency*" – ratio or other quantitative relationship between an output of performance, service, goods or energy, and an input of energy.
- 7.3 "*Energy management system*" – set of inter-related or interacting elements to establish an energy policy and energy objectives, and processes and procedures to achieve those objectives.
- 7.4 "*Energy objective*" – specified outcome set to meet improved energy performance.
- 7.5 "*Energy performance*" – measurable results related to energy efficiency, energy use, energy consumption or GHG emissions.

SCOPE

8. This Energy Policy shall apply throughout Transnet and to its employees.
9. Where applicable, the Energy Policy applies to Transnet's contractors, suppliers and service providers.

POLICY STATEMENT

10. Transnet is committed to supporting South Africa's efforts to improve energy management, enhance energy security, and lower GHG emissions.
11. Transnet commits to continuous improvement in its railway, port and pipelines investments, asset utilisation and operational efficiencies in support of South Africa's security of energy supply objectives.
12. Transnet acknowledges that it is an energy-intensive business and that it therefore has an obligation to manage energy proactively in order to enhance energy security, reduce energy costs and reduce GHG emissions from its energy use. To this end, Transnet has formulated and is implementing an energy security and carbon mitigation strategy that includes the implementation of the ISO 50001 *energy management system*.
13. In its use of energy in the business, Transnet Operating Divisions and Transnet Property shall:
 - 13.1 Implement, maintain and improve *energy management systems* in accordance with ISO 50001;
 - 13.2 Appoint energy managers with responsibility for implementation of ISO50001;
 - 13.3 Identify areas of significant energy use and set *energy objectives*;
 - 13.4 Identify and implement energy targets to meet the relevant *energy objectives*;
 - 13.5 Specify appropriate energy performance indicators for the monitoring and measurement of *energy performance* to achieve the energy targets;
 - 13.6 Include energy performance indicators in the performance scorecards of relevant management;
 - 13.7 Implement process controls for recording *energy consumption* and energy costs on a continuous basis;
 - 13.8 Collate timely records and report monthly on *energy performance*; and

- 13.9 Identify opportunities for the introduction of renewable energy sources.
- 14. Transnet shall furthermore endeavour to:
 - 14.1 Report annually to stakeholders on Transnet's *energy performance* in the Integrated Report and Sustainability Report;
 - 14.2 Plan for Transnet's energy demand, energy risk management and the optimal use of energy in the Long-term Planning Framework, Corporate Plan and Enterprise Risk Management system;
 - 14.3 Apply *energy efficiency* standards in all Transnet capital investment plans and in the procurement of capital project contracts;
 - 14.4 Adopt applicable Green Building Council standards for the construction, renovation, upgrade and maintenance of Transnet properties; and
 - 14.5 When feasible, test and pioneer the adoption of energy efficient and renewable energy technologies and methods in company operations and infrastructure.
- 15. In support of company- and society-wide initiatives to improve energy management in South Africa and in the region, Transnet undertakes:
 - 15.1 To create awareness amongst employees about the benefits and importance of energy management both at work and at home;
 - 15.2 Facilitate the development of energy management skills through the Transnet Academy; and
 - 15.3 Collaborate with customers, suppliers, Government, communities, non-government organisations, industry bodies, the media and other stakeholders to advance this Energy Policy and share best practise in energy management.

ROLES AND RESPONSIBILITIES

16. The roles and responsibilities for this policy are as follows:

Accountable	Group Executives and Chief Executive Officers
Responsible	General Managers, Executive Managers and Senior Managers
Informed	All employees and stakeholders
Supports	All departments
Monitors and maintains	All departments
Policy Owner	General Manager: Public Policy and Sustainability
Policy Sponsor	Group Executive: Group Planning and Sustainability

RELATED INFORMATION AND REFERENCE

17. The following documents were used to formulate the Energy Policy and as such should be read in conjunction with the policy.

17.1 Internal documents:

- Transnet Regulatory Universe
- Transnet Policy Framework
- Transnet Integrated Report
- Transnet Sustainability Report
- Safety, Health, Environmental and Quality Risk Management Policy
- Integrated Supply Chain Management Policy
- Procurement Policy.

17.2 External documents:

- Electricity Regulation Act, 2006 (Act No. 4 of 2006)
- ISO (the International Organization for Standardization)/ SANS (South African National Standard) 50001 Energy Management System, 2011
- National Development Plan, 2011
- National Energy Act, 2008 (Act No. 34 of 2008)
- National Energy Efficiency Strategy of the Republic of South Africa – First Review October 2008
- National Environmental Management Act, 1998 (Act No. 107 of 1998)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- South African National Standard (SANS) 204:2011: Energy Efficiency in Buildings
- The Greenhouse Gas Protocol – Guidelines for quantifying GHG reductions from Grid connected electricity project

17.3 Regulatory Requirements

Transnet recognises the importance of complying with all applicable regulatory requirements as reflected in the Transnet Regulatory Universe. Specific reference for this policy is made to the regulatory requirements listed in 17.2 above.

FINANCIAL IMPLICATIONS

18. Energy cost savings will result from energy management initiatives pursued in terms of this Energy Policy.

EXCLUSIONS

19. There are no exclusions to the Energy Policy.

REQUEST TO DEVIATE FROM POLICY

20. In cases where material and compelling circumstances merit deviation(s) from particular provision(s) of this policy, written submissions shall be sent to the Remuneration, Social and Ethics Committee, which shall have full authority to grant such request, in whole or in part, or to refuse same.

COMPLIANCE MONITORING

21. Transnet shall develop suitable controls for the implementation of the Energy Policy.
22. Transnet shall undertake periodic audits, or per agreed audit schedules, to assess compliance to this policy.

REVISION

23. This Energy Policy will be reviewed every two years.

NON COMPLIANCE

24. Breaches of the Energy Policy will be seen in a very serious light. Employees who do not conform to the Policy or principles and standards contained herein may be subject to disciplinary action in terms of the applicable Transnet disciplinary processes and procedures.