

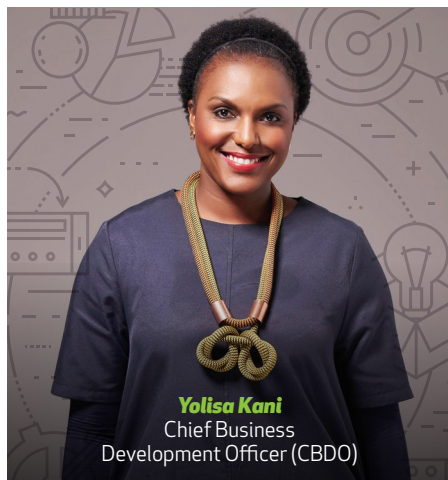


TRANSNET Insights

CUSTOMER NEWSLETTER

FOURTH QUARTER

MESSAGE FROM THE CBDO



Yolisa Kani
Chief Business
Development Officer (CBDO)

Dear customer,

To say the past two years were difficult would be a huge understatement. They were dreadful, both from an individual and company perspective. We lost many colleagues, friends and family to covid-19, and found ourselves having to support thousands of loved ones who were going through socioeconomic hardship.

The last quarter of 2021 was equally challenging with the discovery of the Omicron variant of the novel coronavirus pandemic. However, the severity of the fourth phase was less severe thanks to vaccines and the strength of that strain.

As well as the major disruptions to our lives, the various variants of this virus have caused major interruptions to economic activity including to our customers' businesses. Businesses have had to cut back on operations and production.

We start the year on an upbeat note. The pace of vaccination is gaining traction albeit slowly and the pandemic is showing signs of downgrading to an epidemic. Still, caution is necessary. As part of learning to live with the virus, we will need to continue regularly washing our hands and wearing face masks to protect each other.

In due course, government will lift the state of disaster and fully reopen the economy. This is really positive news for us as a business and our clients. After being battered by covid-19 and the lockdowns to contain its spread, our economy is showing signs of rebounding faster than anticipated. Thanks to better-than-expected tax revenues from the mining industry benefiting from higher commodity prices, public finances are in better shape.

Our economy is projected to grow at 2.1% this year, and at an average 1.8% in the three-year budget cycle period. Hopefully, this growth will also filter through to our customers.

At a personal level, we hope to resume face-to-face interactions this year, and I personally look forward to interacting with our customers in person.

Our customers are what makes us to exist as an organisation. They make it possible for us to positively contribute to the entire South African economy. Our other stakeholders -- investors, shareholder, employees and regulators -- are part of a wider ecosystem that enables us to serve our customers. We remain committed to serving our customers with dignity and operational excellence. A key priority for us this year is two-fold: first, we will continue the listening campaign (getting to know them well and their challenges and aspirations); and second, to strengthen our capacity to serve them better.

We started the listening journey in 2021, and this has given us valuable insights which we are in the process of implementing intervention measures where our services have been found wanting.

Internally, we are at an advanced stage of strengthening the Business Development team which is at the coalface of the interface with our customers. Once we have finalised this process, we will share its outcome with all our customers.

A year ago, we set up a joint task team with representatives of organised business to tackle issues that are affecting cargo movement. As the President said during the recent state of the nation address, the efficiency of our freight logistics system is key to the competitiveness of this economy, and at the centre of this is all of Transnet's operations. Portia and her leadership team are seized with the task of getting Transnet to play its rightful role in supporting economic growth through lowering the cost of doing business.

Amongst others, Transnet recently issued requests for information (RFI's) for private sector participation in the ports of Durban and Ngqura. Other private sector participation transactions are under development.

Progress in this regard will be communicated to all our customers.

As the Business Development team, we are really excited about what is possible during the year ahead. We will continue working hard to ensure our partnership translates into shared prosperity with all our customers, large and small. In us, you have a willing and capable partner.

Respectfully

Yolisa



SA'S DECIDUOUS FRUIT EXPORTS UP 6% YEAR ON YEAR



It is peak season for South Africa's deciduous fruit exports and the Cape Town Container Terminal has recorded a volume increase of 6% year on year despite inclement weather, shipping backlogs and a slow uptake of the truck booking system.

According to Wandisa Vazi, Managing Executive at the Cape Terminals "It's certainly a challenging season considering an average loss of 39 days during this period annually owing to fog, wind and at times underwater currents but, the team goes above and beyond". She added that downtime introduced by equipment maintenance and at times breakdowns – placed immense pressure on the system although there were many other contributing factors. Currently, the terminal is averaging 7 days in vessel delays.

"In working with our stakeholders, the terminal is maximising its network of 16 sea-cargo terminals across the Transnet Port Terminals (TPT) business and securing

employees from the other terminals nationally on secondment. This will assist to speed up recovery as the move will result in deploying a seventh gang (operational team) in light of improved equipment availability," said Vazi. Other initiatives the terminal was rolling out included the increased number of operational equipment on both the landside and waterside with reliability programs in place to sustain equipment performance. She added that the terminal was also collaborating with original equipment manufacturers for increased turnaround times of spares availability and maintenance, deploying engineering expertise from other terminals and Transnet operating divisions to prioritise equipment performance.

Between October and March every year, the Cape Town Container Terminal loads table grapes, berries, plums, apples, pears and peaches onto vessels destined for Europe, Africa, the Far and Middle East as well as the United States. With the season currently at its peak, the terminal is urging industry to capitalise on the underutilised night shift capacity for truck deliveries to keep the momentum. "The terminal is operational over a 24-hour period for seven days a week while industry works 12 – 16 hours during five days of the week. This is a window to mitigate any arising challenges and an opportunity to further enhance integrated planning," said Vazi.

As at the end of January, the terminal had moved 18 296 refrigerated containers of deciduous fruits and continues to plan with and give feedback to customers through regular communication channels daily. With the terminal handling mainly Panamax and Post-Panamax vessels, consignments can go up to 3500 containers offloaded or loaded per vessel with an average of 120 gate transactions of trucks per hour.

"The impact wind has during this season especially now that we are in peak – cannot be undermined. We are currently handling over 1000 trucks from late yesterday and today's bookings because the terminal was wind bound. Once the wind subsides, we review our planning by the hour to ensure a reduction of truck queues at the gate," said Vazi.

According to Vazi, between April 2021 and January 2022, weather was the second biggest contributor (at 25%) to vessel cancellations and omissions after blank sailing (32%), which occurs when customers do not nominate a vessel for a respective window. Others include delays in West Africa, Far East, Europe and Schedule Recovery (21%), system disruptions (10%), delays along South African ports (8%) and actual operational delays at 3%.

However, during the same period – while berth occupancy has decreased by 12%, berthing delays have improved by 52%.

NEW PORT MANAGER APPOINTED FOR NELSON MANDELA BAY PORTS



PAMELA YOYO
Port Manager: Nelson Mandela Bay Ports

Pamela Yoyo joins TNPA as the Port Manager for Nelson Mandela Bay (NMB) Ports - Gqeberha, after several years at Transnet Port Terminals (TPT).

Pamela has over 15 years work experience at TPT in both Human Resource and Terminal Operations.

Pam will manage the NMB Ports - ports of Ngqura and Port Elizabeth - as a single port complex with centralised business support services. The two ports are located 23km apart, have a similar customer base and serve the same hinterland. The establishment of a single port complex responds to the demands of lowering the cost of doing business, satisfying customer needs and improving port efficiency. These

ports are treated as two port precincts functioning on a complimentary basis.

She possesses a Master's degree in Transport and Logistics from the University of Stellenbosch; a Post Graduate Certificate in Strategic Business Leadership from the University of Cranefield; a Bphil Maritime Studies Certificate from the University of Stellenbosch as well as a B-tech degree in Human Resource Management. Her commitment to excellence over the years has earned her recognition such as the TPT Individual award in the Chief Executive's Ground Breaker "Eagle" category and an Operational Efficiency award.

PROTECTION OF THE BRIDGE



Transnet's Heritage Unit facilitates a successful declaration of Kaaimans River Bridge, one of its Heritage assets, as a Provincial Heritage Site.

On the 19th November 2021, the Western Cape Heritage Council held a meeting to decide whether the iconic Railway Bridge is worthy of protection under Section 27(2) of the National Heritage Act No. 25 of 1999. Accordingly, it was agreed that the Kaaimans River Railway Bridge is a superb example of the technology available in 1926 when the construction began. For Transnet, this is a huge milestone that ensures the protection of this iconic heritage resource.

The 93 years old Bridge, which crosses the mouth of the Kaaimans River, is now officially demarcated as a Provincial Heritage

Resource, following the issuing of the Western Cape provincial Gazette No. 8528 on the 10th December 2021. Constructed in 1926, the bridge is 210 meters long and 36 meters high, and forms part of the railway line between George and Knysna which traverses some of the most scenic terrains in South Africa, thereby deserving labels such as the "Lake District", "Garden Route" or "Eden".

Sadly, after almost 80 years in operation, the train service between George and Knysna came to an abrupt halt after serious flood damage to the track. However, as things stand currently, Transnet's Heritage Unit

is committed to pursuing a public/private partnership to restore the rail line between Knysna and George; and to this end, the RFP process has commenced to solicit a Concessionaire. The RFP was issued on the 18th December 2021 "For the Concession of Transnet Owned Heritage Rolling Stock, Use of Permanent Way and Real Estate for Rail Tourism and Freight Purposes on the George - Knysna Branch Line in the Western Cape for a Period of Up to Twenty-five (25) Years".

Heritage Preservation/Heritage policy

Transnet remains committed to preservation and conservation of Rail Heritage in South Africa. This is why Transnet's Heritage unit has developed a new Heritage Preservation Strategy and also updated heritage preservation policy. The policy has since been approved and this is a critical milestone in our journey to making sure these heritage resources are preserved for the benefit of future generations.

In implementing this policy, Transnet will be working in partnerships with key stakeholders and industry like SAHRA, NHC, provincial and municipal heritage authorities, as well as the private sector as key partners in this process.

RICHARDS BAY BULK TERMINAL RECEIVES NEW MULTI-PURPOSE SHIP LOADER



The Richards Bay Bulk Terminal has taken delivery of a new multi-purpose ship loader as part of its capacity creation initiatives. This investment of over R124 million will contribute to improved loading rates at the terminal. It will also aid the handling of increased volume throughput of strategic export commodities in line with forecasted demand.

Thulasizwe Dlamini, Acting Managing Executive at the Richards Bay Terminals said, "This ship loader introduces an opportunity for maximum use of underutilised berth capacity and it comes as a crucial time where the economy is recovering". He added that the existence of the loader was especially significant as cover for periods where similar equipment underwent scheduled maintenance.

The ship loader boasts a capacity of 3000 tons per hour at a density of 1900 kilograms per cubic metre and its design has met all the legal dust emission requirements as per the environmental impact analysis. "The loader forms part of three capacity related initiatives that will see us handle more export chrome, magnetite and coal volumes. Converting one of the import berths is another, as well as adding a new conveyor route. These combined form part of turning around the Richards Bay terminals and offering superior value to our customers" said Thula.

The Richards Bay Terminals operate in one of South Africa's deep-sea water ports and boast 13 berths combined where over 20 dry bulk ores, minerals and break bulk consignments are handled.

MAKING A SUSTAINABLE DIFFERENCE TO COMMUNITIES



The first Covid-19 vaccination train in the world, the Transvaco, was officially launched recently by the Eastern Cape Health MEC: Nomakhosazana Meth and TE CE, Ralph Mills in a modest ceremony held at Swartkops station last year.

Proudly designed and manufactured by TE in Koedoespoort, the Transvaco aims to support the national vaccination effort by providing a mobile vaccine dispense facility targeting remote communities, and those living close to the rail corridors.

Following successful pilots of vaccines being administered through the Phelophepha trains, Transnet Engineering leveraged its expertise in rail to build a nine coach trainset from existing refurbished coaches, configured it to carry and provide safe vaccine storage, as well as to provide a mobile vaccine dispense facility targeting remote communities in close proximity to rail corridors.

The conception of the train was an indirect response to the Department of Health's target to vaccinate 67% of the 59.62 million South African population within the span of 12 months, which posed an immense logistical task to accomplish for the government to achieve alone. The key challenges in the vaccination roll-out strategy still continue to be the reliable distribution of the vaccines throughout the country, especially reaching people situated in remote areas, and administering the



vaccines to populations where there are no nearby clinics or healthcare facilities.

With approximately 31,000km of railway network, reaching far-flung, remote areas of the country, the TransVaco is poised to make a significant impact in assisting the country reach the much-needed community immunity.

Commenting on the ceremonial launch of Transvaco, MEC Nomakhosazana Meth remarked "Transnet has always been a reliable partner in the agenda to improve the socio-economic circumstances of our people. Therefore the launch of the

Transvaco in our province is a game-changer, and will go a long way in supporting our vaccine rollout plan- and we urge our communities to take full advantage of this service."

Transnet Engineering has a long-standing commitment, underpinned by technical and engineering capabilities to find sustainable solutions to health challenges in this country. The 25-year-old Transnet –Phelophepha, and Transvaco are prime examples of this, and a demonstration of TE's world-class innovation commitment in supporting the government in addressing critical healthcare challenges.