



TRANSNET Insights

CUSTOMER NEWSLETTER

FOURTH QUARTER

MESSAGE FROM THE CBDO



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"There is always light if only we are brave enough to see it, if only we are brave enough to be it..." - Amanda Gorman, Poet Laureate

I stole these words from a 22-year old's poem entitled: *The hill we climb*. It has become evident to me as we brave the belly of the beast in the new year, that there is going to be many more hills to climb as we wait in anticipation for the roll-out of the COVID-19 vaccine.

The new COVID-19 variant discovered during the festive season has been found to be more transmissible, which resulted in a spike

of new infections and the re-introduction of Level 3 lockdown regulations. Although the numbers of infections are starting to decline, we continue to bid farewell to family members, friends, and colleagues as we ourselves battle with the virus. At Transnet, we have lost 103 colleagues to date. May the souls of all those who have moved on to the next realm rest in peace and not be forgotten. It does seem like a never-ending nightmare, but even as we hurt, we remain hopeful that we will emerge from this triumphantly, with renewed appreciation for life and everything around us.

The continuing cases of infections have resulted in Transnet, like so many others, having to navigate, plan, adjust and re-plan our operational workplaces carefully. We remain committed to making sure that our employees are provided with a safe working environment while we continue to act on our mandate to deliver a reliable logistics service.

As Transnet, we are focusing on getting the basics right across our business in order to improve our reliability and to create a stronger foundation for the long-term transformation of the company. From October to December last year, we traversed the country engaging our people on the importance of transforming the business and reviewing the Transnet strategy. In due course, we will be

embarking on a comprehensive stakeholder engagement process, which will include you, our customers, on the final draft of our strategy. We look forward to these engagements and the finalisation of the strategy for further guidance on areas of investment and collaboration with the private sector, in an effort to improve our operational efficiencies.

As we enter into the last quarter of our financial year 2020/21, this is our last sprint to ensure that we achieve what we set out to achieve, albeit under very difficult conditions, further challenged by cable theft and vandalised infrastructure, amongst other things.

Globally, the pandemic has brought economic activity to a standstill as more countries impose stricter lockdown regulations. Despite the current COVID-19 restrictions, the World Bank forecasts that global GDP is expected to expand by 4% in 2021. Although 4% is low, this should give us hope that we could be turning the tide.

As a hopeless hopeful, I envision a year not without challenges, but one where we can demonstrate how much we can achieve by working together. It is a new year, with new "normals" and new opportunities!

Let us be brave together!

STRATEGIC DIRECTION



Transnet Group Chief Strategy Officer,
Dr Andrew Shaw

The post-COVID-19 new normal will transform our way of life in ways we cannot yet fully imagine, yet for which we must prepare. In building a more

resilient Transnet for the post-pandemic world, Transnet is undergoing significant transformation including institutional, commercial, and cultural transformation.

This is to ensure that we continue to deliver freight reliably post-COVID-19. The immediate priority for the current business portfolio is on fixing, optimising and growing the core, and particularly, ensuring security of supply for key commodities. In this respect, the five levers of customers, people, safety, asset utilisation and cost control are key.

Transnet has taken a fundamentally new approach to its strategy; shifting away from an Operating Division-centric perspective

to a supply chain perspective as the primary unit of analysis to building a more resilient Transnet. This approach aims to offer our customers an integrated, coordinated, and connected approach from all the Operating Divisions by providing our customers a more cost effective and efficient service.

The culture transformation within Transnet aims to drive a more commercially dynamic and agile Transnet, able to respond to the uncertain environment to ensure that we meet our customer expectations. The transformation seeks to simplify the way we do business, provide operational excellence, and use customer requirements to guide our decision making.

CUSTOMER ENGAGEMENTS



One of the key levers, if not the most important, is our customers. It is in both our and the country's mutual interest that we engage our customers on a continuous basis. In 2020, despite the challenges posed by COVID-19, we arranged three major customer engagement sessions over and above our day-to-day engagements.

During the course of last year, the Transnet executive team met with the Premier of the Northern Cape Province, Dr. Zamani Saul and Iron Ore and Manganese customers. The engagement focused on strengthening the collaboration between Transnet and the provincial government on identified projects to ensure improved efficiencies on rail and within the ports. Our aim is to create stronger relationships with the local governments in the areas our customers operate to enable cooperation and unlock opportunities.

Due to COVID-19 restrictions, a limited number of customers were treated to the Blue Train experience in November 2020.

The engagement on-board the luxury train was attended by members of the Transnet Board of Directors, the Executive Committee, and some of our customers. The purpose of the event was to introduce the new Transnet Executive team to our customers and also to allow our customers to experience The Blue Train.

Furthermore, as part of strengthening relationships and sharing of information of mutual interest, the Business Development team visited Phalaborwa's Magnetite and Rock Phosphate Complex in Limpopo in December last year.

The visit was part of a formal meet-and-greet session and tour of the customers' operations to understand the value chain and pain points that require urgent attention from Transnet. The engagement included meetings with the leadership from Foskor, PMC and Transchem.

The engagements allowed Transnet to receive direct feedback on the opportunity to improve service delivery, while exploring new partnership prospects.

One of the issues raised by customers at the mining complex was the need to align Transnet's rail operations with their mining outputs; this would support their strategies. Another issue was the sporadic supply of trains from Transnet, their need to use alternative logistics service providers, the affect this has on their stockpile levels and ultimately the negative impact on their bottom line. The Business Development team and Operations teams are working together to address the issues raised by our customers.

In 2021 we hope to build on what we've been able to accomplish in 2020, further engage with our customers and create further value for your business and the country.

TRANSNET LENDING A HELPING HAND



In its continued effort in the fight against COVID-19, the Transnet Engineering (TE) team came up with an innovation to address the challenge of distributing the COVID-19 vaccine to all areas of South Africa.

The Transnet vaccination train will make use of the rail network in South Africa, which is in excess of 30 000km. The TE team is working on the configuration of the train to support the transportation of the vaccine to the most remote areas of the country.

Sleeper coaches are to be customised for health workers and support crew. An optional coach, should it be required, will be included for the administration of the vaccine on the train. The configuration will take into account the cold storage requirements, administering of the vaccine and transportation requirements in accordance with the regulatory requirements regarding the rules and protocols of vaccine transportation in line with the International Air and Transport Association (IATA).

The vaccine requires temperature-controlled equipment to keep the vaccine at -70 degrees Celsius or below during storage and transportation. Therefore, a team of technical specialists will be on-board the train for real-time monitoring to ensure integrity of the vaccine.

As a responsible corporate citizen, Transnet remains committed in supporting Government's efforts in the fight against COVID-19 by making available relevant assets.

In addition to this, Transnet has already dispatched one of its Phelophepa trains to the Eastern Cape to provide a full-basket of primary healthcare services, including eye and oral care, screening for HIV and AIDS, psychological services and a registered pharmacy that provides up to schedule 4 medication at a nominal fee. The train will assist to alleviate pressure on the provincial health system as the local health authorities focuses on lessening the spread of COVID-19.

TRANSNET NATIONAL PORTS AUTHORITY RELOCATES TO NGQURA



As part of Transnet SOC Ltd's ongoing cost-saving and efficiency initiatives, the National Ports Authority (TNPA) is consolidating its various corporate offices - currently split between Johannesburg and Durban - into one: the eMendi administration building, Port of Ngqura in Port Elizabeth. The relocation of a head office of any large organisation is a

significant business decision that is receded by serious strategic considerations. The relocation of a Sea Port Authority's head office from a landlocked city, closer to its operations, ensures that TNPA serves its customers at the point of execution, while bringing about savings of approximately R25 million a year from lease agreements.

The 10 000 square metre eMendi building, completed at a cost of R255 million in 2017, is currently under-utilised, yet has the opportunity to significantly deliver cost-savings for Transnet.

TNPA operations are spread over three coastal regions, namely: Kwa-Zulu Natal, Eastern Cape and Western Cape. The Eastern Cape is centrally located between the Kwa-Zulu Natal and Western Cape regions, and hosts three of the eight commercial seaports operated by TNPA: East London, Port Elizabeth and Ngqura.

Transnet sees the consolidation of TNPA in the Eastern Cape as an important contributor to the revival of the province's economy, as it increases the ease of doing business. Among other things, TNPA facilities in Port Elizabeth have contributed to record citrus exports in the past year and shown encouraging growth in the export of motor vehicles from Eastern Cape assembly plants.

Transnet has embarked on a consultation process with staff and organised labour, with the view of completing the move by 31 March 2021.

SALDANHA TERMINALS WELCOME TWO ADDITIONAL DUST SUPPRESSORS WORTH R1,2 MILLION



The acquisition of two additional dust suppressors at the Saldanha Port Terminal illustrates Transnet's continued commitment to its sustainability strategy, which aims to improve environmental stewardship and protection of communities where the company operates.

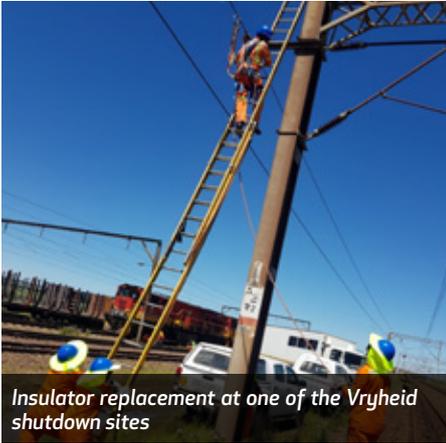
The dust suppressors, valued at R1,2 million, arrived last week at the terminal, increasing the number of newly acquired machines to three in a space of three months. The suppressors will complement existing dust controlling tools including a tippler sprayer, a dust extraction plan, atomizing sprays, wetting sprays on the conveyor belts, water cannons and a wheel spray system.

All these tools are used to minimise dust particles created during the loading and off-loading of Iron Ore in the terminal.

According to Andiswa Dlanga, Managing Executive for Saldanha Terminals, "Acquiring these two additional dust suppression cannons are part of demonstrating the terminal's commitment to improving dust monitoring for a clean operational environment in Saldanha."

To ensure the continued compliance with the atmospheric emission license, Transnet has also embarked on other mitigating measures to reduce its carbon footprint including covering stockpiles, wetting cargo and regular cleaning of surrounding surfaces at its operations.

NORTH CORRIDOR SHUTDOWN POSITIVELY IMPACTS COMMUNITIES



Insulator replacement at one of the Vryheid shutdown sites

Three hundred community members in the Abaqulusi area in Vryheid, Kwa-Zulu Natal, have benefited from temporary employment during the annual North Corridor coal line maintenance shutdown, which took place from 16 to 25 January 2021.

The shutdown created the opportunity for employment of fixed-term contract workers, both general and skilled workers, from communities bordering the railway line that traverses from Lephalale, Limpopo through to Richards Bay, Kwa-Zulu Natal.

Transnet Freight Rail (TFR) has been instrumental in ensuring that the interests of communities in such projects are taken into account. The success of this project was also achieved through a solid stakeholder engagement programme, involving Othaka Traditional leadership, the Abaqulusi Municipality, the Local Economic Development (LED) office and ward councillors.

The local leaders in the Abaqulusi municipality has hailed this initiative as fair and beneficial to the communities residing along Transnet's operations.



Teams getting ready to depart to the Shutdown sites in Vryheid

REEFER TRAIN TO EASE CONGESTION AT THE CAPE TOWN CONTAINER TERMINAL

In a bid to improve efficiencies at the Cape Town Container Terminal, Transnet has successfully piloted an inland operation that will see the haulage of reefer containers from Belcon Inland Terminal in Bellville, to the port.

The collaboration between two Transnet operating divisions - Port Terminals and Freight Rail - supports the company's strategy for a modal shift from road to rail and introduces much-needed improvements in the entire supply chain. The initiative brings about much-needed relief on the roads, moves goods more efficiently to the ports and reduces the cost of doing business.

Through the pilot project with one of Transnet's customers, 20 containers were hauled on Friday, 5 February 2021, with the aim to gradually

increase this with more uptake from reefer container customers and cargo owners.

The Belcon Inland Terminal, where reefer containers will be loaded and hauled to the port terminal, is located about 20 kilometres from Cape Town. Unlike a truck, which carries one reefer container per trip, one train has the capacity to carry up to 36 reefer containers at a time.

The inland operation is one of the projects that was earmarked for implementation as a response to both community and customer concerns over traffic in the vicinity.

Transnet will continue to work with customers and other stakeholders in improving efficiencies in the system and supporting the reliable delivery of freight.

