TRANSNET

INTEGRATED REPORT 2025

CONTENTS

DIRECTORS' APPROVAL AND STATEMENT OF RESPONSIBILITY

At Transnet, we aim to support economic growth and ensure a secure supply chain. We strive to meet this goal by providing efficient and cost-effective port, rail, and pipeline infrastructure – ensuring adherence to recognised benchmarks. This commitment aligns with our mission, goals, and Shareholders' Statement of Strategic Intent (SSI), supporting South Africa's broader objectives to reduce business costs and stimulate economic development.

In compliance with the supplement for State-Owned Enterprises (SOEs), which is aligned with the King IV report on corporate governance (King IV™), the Board of Directors (the Board) oversees Transnet SOC's (the Company's) value creation process. The Board ensures the accuracy and quality of the Integrated Report, which reflects Transnet's capacity for sustained value creation. The Board confirms that the 2024/25FY Integrated Report provides an accurate depiction of Transnet's progress in its integration of strategy, risk and opportunity management, performance, and sustainable development.

Having thoroughly reviewed the 2024/25FY Integrated Report, the Board confirms the Report's integrity, accuracy, and completeness; supported by a combined assurance process. The Board is committed to being transparent, accountable, and engaging in ethical management (outlined in the King IV™ report).

Transnet's operations have a significant impact on the economy, environment, and society. This drives the Company's focus on sustainable development and corporate responsibility, which ensures balanced decisions for stakeholders. The Board continually monitors these areas, striving to improve corporate governance, operational performance, and public accountability.

The 2024/25FY Transnet Integrated Report was approved by the Board of Directors and signed on its behalf by:

Dr Andile Sangqu
Chairperson

Ms Michelle Phillips
Group Chief Executive

Ms Nosipho Maphumulo
Group Chief Financial Officer

Ms Lebogang Letsoalo

Mr Busisa Jiya

Mr Dipak Patel

Ms Mosadiwamaretlwa Zambane

Ms Refilwe Buthelezi

Ms Boitumelo Sedupane

Mr Martinus Debel

F.S. MUFAMADI

Prof Fholisani Mufamadi

OUR REPORTING **UNIVERSE**

The 2025 Integrated Report is the Company's primary report to all stakeholders.

The 2025 Annual Financial Statements include reports of the directors and independent auditor.

The 2025 Unabridged Governance Report provides a overview of Transnet's governance structures and Board matters for the year.

Operating Divisions reports for 2025

These reports provide a detailed commentary on the performance of our Operating Divisions for 2024/25FY.

Navigation

- Previous page
- Home/ contents page
- Next page
- Previous view
- Refer to a page within this report
- Click for more information

Operating Divisions

- Freight Rail
- Port Terminals
- Engineering
- Pipelines
- National Ports Authority
- Property

Capitals

- Human
- Manufactured
- Financial
- Social and Relationship
- Intellectual
- Natural

Material Matters

- MM1 Operational recovery and infrastructure reliability
- MM5 Stakeholder engagement and labour relations
- MM2 Private sector participation (PSP) and rail reform
- MM6 Digital transformation and asset management
- MM3 Segment-specific growth and competitiveness
- MM7 Energy transition and decarbonisation
- MM4 Financial sustainability and capital investment
- MM8 Climate resilience and environmental compliance

Feedback on this Report

We welcome feedback on our 2025 Integrated Report.

Please provide written feedback to Busisiwe Mthwa at busisiwe.mthwa@transnet.net

ABOUT OUR INTEGRATED **REPORT**

REGULATORY COMPLIANCE

Transnet complies with the PFMA provisions for Schedule 2 Entities and adheres to over 200 regulatory requirements.

Broad-Based Black Economic Empowerment

The Department of Trade, Industry, and Competition (dtic) implements the framework for Broad-Based Black Economic Empowerment (B-BBEE) policy and legislation.

Tariffs

Tariffs for the Transnet National Ports Authority and Transnet Pipelines are set by the Ports Regulator of South Africa and the National Energy Regulator of South Africa (Nersa), respectively.

Safety

The Railway Safety Regulator (RSR) oversees rail operations, conducting inspections and audits to determine the issuance of safety permits.

Policy context

Transnet operates within policies set by the Department of Public Enterprises (DPE) and the Department of Transport (DoT).

APPROACH TO ASSURANCE OF INFORMATION

Transnet's Integrated Assurance Plan is applied when preparing its integrated report. This helps to ensure transparency and accountability of disclosures. The plan includes assurance from Management, internal specialists, internal audit, external audit, and external advisers. The Board serves as the final line of defence.

ABOUT THE COMPANY

Transnet SOC Ltd, a public corporation established under the Legal Succession Act of 1989, is wholly owned by the South African Government. Transnet oversees South Africa's railway, ports, and pipeline infrastructure.

The Company's memorandum of incorporation (MOI), ratified on 25 June 2013, complies with the Public Finance Management Act, 1999 (PFMA), the Companies Act No. 71 of 2008, and the National Ports Act No. 12 of 2005. Each year, Transnet signs a Shareholder's Compact with the South African Government, represented by the Minister of the DoT. This Compact mandates the Company to deliver strategic initiatives, including sustainable economic, social, and environmental outcomes.

Transnet, governed primarily by the PFMA, operates within the context of the National Development Plan (NDP) and the medium-term strategic framework. The DoT's strategy addresses the challenging macro-environment and the allocation of limited resources.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

Transnet's B-BBEE verification covers six of the seven elements of the Generic Transport Public Sector Scorecard (excluding the ownership element). The Maritime, Property, and Rail Charters are also applied.

Transnet achieved full points for enterprise development and socio-economic development for the 2024/25FY.

SHAREHOLDER'S STATEMENT OF STRATEGIC INTENT

Transnet's Reinvent For Growth Strategy aligns seamlessly with the SSI, which mandates Transnet to target and deliver on several macro-strategic outcomes.

Transnet is mandated to deliver on the following strategic outcomes:

- To **decrease the overall cost of logistics** in relation to the transportable gross domestic product (GDP)
- To **effect and expedite the modal shift,** enhancing the role of rail in the national transport endeavour
- To **forge stronger connections** between South Africa, the SADC region, and the global community
- To **maximise the social and economic effects** of all interventions
- To engage and **leverage the private sector** to provide infrastructure and operations, as needed

ENTERPRISE AND SUPPLIER DEVELOPMENT (ESD)

South Africa's developmental agenda consists of key elements that are established as Enterprise and Supplier Development initiatives.

Transnet's ESD:

- Is guided by Government's Competitive Supplier Development Programme
- Is informed by the B-BBEE Codes of Good Practice
- Seeks to increase the competitiveness, capacity, and capability of Black-owned suppliers through financial and non-financial support
- Targets ESD initiatives that support localisation and industrialisation; providing opportunities for Black people, youth, women, small businesses, people with disabilities, and people living in rural communities

As the major player in the Southern African transport and logistics arena, Transnet aims to be cost efficient and efficient service provider. Transnet is building on existing corridors and clusters and exploiting the synergy between port and rail to tailor solutions according to their customers' needs.

WHO WE **ARE**

Transnet SOC Ltd is South Africa's State-owned freight logistics company, responsible for rail, port, and pipeline infrastructure. Our purpose is to enable economic growth, reduce the cost of doing business, and ensure security of supply through efficient, integrated logistics solutions.

OUR VISION

To fuel Africa's growth and development as the leading provider of innovative supply chain solutions.

OUR MISSION

To link economies, connect people and grow Africa.

OUR STRATEGIC MANDATE

Transnet is mandated to:

- Lower logistics costs relative to gross domestic product (GDP);
- Enable modal shift from road to rail;
- Integrate South Africa with regional and global markets;
- Maximise socio-economic impact; and
- Leverage private sector partnerships.

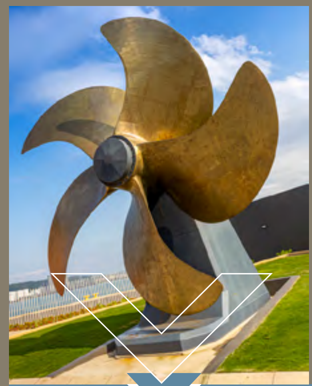
OUR NATIONAL FOOTPRINT

Railway track 30 400 km	Pipelines 3 114 km	Commercial ports 8
Cargo terminals 16	Locomotives 1 981 active	Wagons 69 241 active
Employees 50 988	Asset base R366,9 billion	

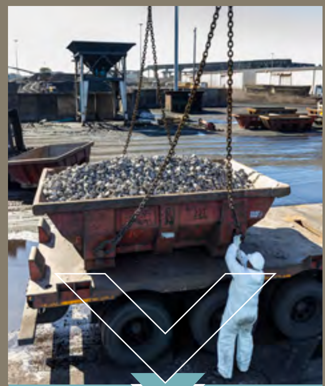
SIX OPERATING DIVISIONS ACROSS SOUTHERN AFRICA

Freight Rail
Total revenue
R42,7 billion
Rail freight transport
Total headcount
21 688

Engineering
Total revenue
R10,7 billion
Rolling stock manufacturing and maintenance
Total headcount
7 478

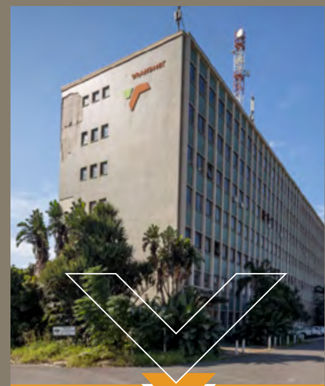


National Ports Authority
Total revenue
R14,7 billion
Port infrastructure
Total headcount
3 818



Port Terminals
Total revenue
R19,5 billion
Cargo handling
Total headcount
9 206

Pipelines
Total revenue
R8,2 billion
Petroleum and gas transport
Total headcount
661



Property
Total revenue
R1,6 billion
Real estate management
Total headcount
643

BUSINESS MODEL

Value creation Value preservation Value erosion

CAPITAL INPUTS

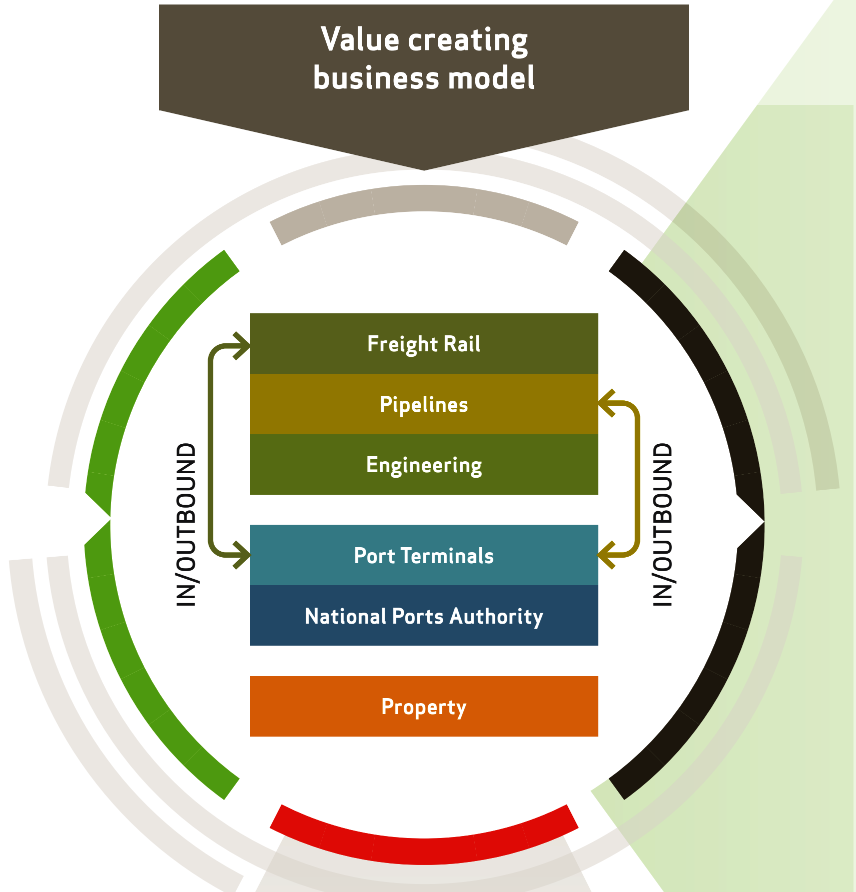
HUMAN AND INTELLECTUAL
- Responsible leadership
- Retention of permanent skilled employees
- Sound remuneration philosophy and process
- Project life cycle programme methodologies
- Research and development

FINANCIAL
- Export credit markets
- International and domestic investments
- Loan markets (public and private)
- Development finance institutions
- Structured financing
- Partial funding by interested stakeholders
- Commodity-based revenue
- Non-commodity revenue from operations

MANUFACTURED
- Property, plant and equipment
- Investment property
- Rail and branch-line networks
- Locomotives and rolling stock
- Expansive petroleum and gas pipeline infrastructure
- Multi-cargo ports
- Port terminals
- Repairs and maintenance

SOCIAL AND RELATIONSHIP
- Shareholders and funders value creation
- Diverse sector contributions to the SA economy
- Stakeholder information and relations
- Government and regulators
- Corporate social investment

NATURAL
- Land, water, air, and biodiversity resources
- Renewable energy resources
- Environmental management systems



Strategic objectives realised through operational delivery, reinforced by disciplined execution

Seven transversal strategic focus areas

01	02	03	04	05	06	07
Equipment and infra-structure	People management	Procurement	Maintenance	Funding	Digital trans-formation	Safety

OUTPUTS

(Product service offering and by-products)

Wide range of transported general bulk and containerised freight commodities.	Secure inland petroleum product supply.	Cargo-handling services to a wide range of customers.	Waste materials as by-products of operations and infrastructure projects (e.g., metal scraps and plastic waste).

CAPITAL OUTCOMES

Human and intellectual
- Distinctive product and service designs
- Globally recognised operating standards
- Strong governance structure and oversight
- Technologically agile, integrated digital capabilities
- Accurate data outputs for informed decision-making
- Integrated planning and resourcing
- Safe working environment
- Skilled and representative workforce
- High performance culture, improved employee performance
- Promote diversity, training, and ongoing education
- Responsible and ethical leadership
- Improved physical and mental health, and safety
- Strong engineering research and development
- Lost time due to injuries
- Lost time due to injuries frequency rate
- Public fatalities

Financial
- Commercial agility
- Diversified capital investments
- Reliable borrower
- Investment-grade stand-alone credit profile
- Cash interest cover of 1,8 times
- Gearing at 49,6%
- Procurement reform

Manufactured
- Enhanced operational performance
- Optimised use of rolling assets (mention standing loco)
- Largest railway in Africa
- Ranked among Top 10 global freight railways
- Ongoing rail capacity growth
- Infrastructure damage through vandalism and theft
- Running line derailments
- Shunting derailments
- High standards of maintenance, repair, and upgrade of assets

Social and relationship
- Social licence to operate
- Customer-centric and reliable delivery of services
- Informed and empowered stakeholders
- Collective agreements with organised labour
- Partnerships with customers and logistics providers
- Fair, transparent, and efficient contract management
- Fair and equitable tender processes
- Proactive and collaborative supplier development
- Provision of primary healthcare services to rural communities

Natural
- Water quality monitoring and reporting
- Sustainable waste management and optimisation
- Manage and enhance biodiversity in operations
- Air quality management
- Management of historical contamination
- Environmental incidents management
- Environmental legal compliance
- Renewable energy projects and initiatives
- Infrastructure damage through vandalism
- Ethical business practice
- Environmental transgressions and incidents

OUR INVESTMENT CASE

Transnet has extensive infrastructure, a capable and dedicated leadership team and the support of Government and other stakeholders. We are determined to develop Transnet into an African infrastructure powerhouse.

SIX OPERATING DIVISIONS

Transnet Freight Rail (Freight Rail)

Africa's largest freight rail operator
- 30 400 km of rail network
- Backbone of bulk commodity exports
- Key to shifting freight from road to rail

Transnet Engineering (Engineering)

Original equipment manufacturer (OEM) and maintenance partner for rolling stock and port equipment
- Six factories and 132 depots
- Key to industrialisation and localisation

Transnet National Ports Authority (TNPA)

Sole landlord and regulator of South Africa's ports
- Oversees port infrastructure and marine services
- Enabler of regional integration and blue economy

Transnet Port Terminals (TPT)

Operator of 16 terminals across seven ports
- Handles containers, bulk, break-bulk and automotive cargo
- Critical to South Africa's trade competitiveness

Transnet Pipelines (Pipelines)

Sole operator of high-pressure petroleum pipelines
- Transports around 16 billion litres of fuel annually
- Strategic to national energy security

Transnet Property (TP)

Manages Transnet's vast property portfolio
- Over 78 000 hectares of land
- Unlocking value through logistics precincts and concessions

Reinvent for Growth Strategy (R4G Strategy)

The R4G Strategy is a comprehensive approach to arrest the decline in operational and financial performance while repositioning Transnet for future resilience and growth.
- Supporting the recovery of volumes and performance
- Operating model transformation to capitalise on opportunities
- Enabling economic growth through private sector partnerships

Read more about the R4G Strategy on page 60.

Funded by...

R127,7 billion capital investment plan

We are adequately funded to restore operational efficiencies and target new growth opportunities.
- 84,7% sustaining capital to stabilise core operations
- 15,3% expansion and transformation
- Focused on rail, port and energy infrastructure

Read more about our capital investment plan on page 79.

Supported by...

Private sector participation (PSP)

PSP will revitalise Transnet with an injection of private capital and expertise. The following key projects are underway:
- Durban Container Terminal Pier 2
- Ngqura Manganese Export Terminal
- LNG terminals at Richards Bay and Ngqura
- Rail slot sales and third-party access

Read more about the notable PSP projects on page 48.

Protected by...

Governance and Assurance

We have put stringent measures in place to ensure we allocate capital effectively:
- Robust capital governance framework
- Investment Committees and Capital Management Forum
- Combined assurance model for transparency and accountability

Read about our capital governance structures on page 86.

To achieve...

Long-term aspirations

Transnet is well-positioned for long-term growth and prosperity delivering on its aspirations:
- Shifting freight from road to rail
- Developing a low-carbon, energy-efficient logistics system
- Building a globally competitive port and rail network
- Enabling regional integration and industrialisation

OPERATING CONTEXT **OVERVIEW**

We are well-positioned to navigate complexity and unlock opportunities in a demanding operating context.

Transnet operates in a rapidly evolving environment shaped by economic, environmental, technological and social forces. Understanding this context is essential to delivering on our mandate to enable inclusive growth through efficient, integrated freight logistics.

Read more about our risks on page 90, material matters on page 52 and how our strategy responds to our environment on page 57.

Macroeconomic and political landscape

South Africa's economic recovery remains fragile, with GDP growth of 0,6% in 2024. However, the formation of a Government of National Unity (GNU) has brought renewed optimism, policy stability and a platform for accelerated infrastructure investment.

Related risks
- Financial sustainability
- Business development
- Customer/market/segment growth

How we are responding:
- Aligning our capital investment plan with national infrastructure priorities;
- Strengthening partnerships with Government and private sector stakeholders; and
- Enhancing scenario planning to remain agile in a shifting political landscape.

Read more about our capital investment plan on page 79.

Infrastructure and energy constraints

Aging rail, port, and pipeline infrastructure, coupled with persistent energy supply challenges, continue to impact operational efficiency and reliability.

Related risks
- Operational sustainability and efficiency
- Financial sustainability
- Infrastructure/Asset creation

How we are responding:
- Implementing a R127,7 billion capital investment programme focused on modernisation and resilience:
- Prioritising energy efficiency and alternative energy sources across operations; and
- Accelerating maintenance backlogs and asset renewal through targeted funding.

Read more about our maintenance strategy on page 84.

Climate and environmental pressures

The increasing frequency of extreme weather events and the global push for decarbonisation are reshaping the logistics sector.

Related risks
- Safety, security, health and the environment

How we are responding:
- Embedding climate risk considerations into infrastructure planning and investment decisions;
- Developing a climate adaptation and resilience framework; and
- Aligning with South Africa's Just Transition framework and ESG disclosure standards.

Read about our climate risks on page 98 and how we are decarbonising on page 136.

Technological disruption and digitalisation

Digital transformation is redefining logistics through automation, predictive analytics, and smart infrastructure.

Related risks
- Operational sustainability and efficiency
- Infrastructure/Asset creation

How we are responding:
- Investing in digital platforms for cargo tracking, scheduling, and predictive maintenance;
- Launching a digital transformation roadmap to improve customer experience and operational efficiency; and
- Building internal digital capabilities and partnerships with tech innovators.

Read more about our cybersecurity capabilities on page 102.

Regulatory and governance evolution

Transnet operates within a complex and evolving regulatory environment, including the Public Finance Management Act (PFMA), National Ports Act and rail and port reforms.

Related risks
- Governance
- Reputation management

How we are responding:
- Strengthening compliance systems and internal controls;
- Actively engaging with regulators on sector reforms and policy alignment; and
- Enhancing governance structures and transparency in line with King IV™.

Read more about key regulatory changes on page 31.

Social expectations and stakeholder trust

As a State-owned entity, Transnet is expected to deliver both economic and social value, including transformation, job creation, and ethical conduct.

Related risks
- Reputation management
- Procurement

How we are responding:
- Deepening stakeholder engagement and community partnerships;
- Driving transformation through procurement, employment equity and ESD; and
- Embedding ethics, transparency, and accountability into our culture and operations.

Read more about our stakeholder management on page 12.

STAKEHOLDER ENGAGEMENT

As Transnet continues to reposition itself as a reliable, efficient and future-fit logistics provider, stakeholder engagement remains a strategic lever for co-creating solutions, enhancing transparency and unlocking shared value.

Transnet's ability to fulfil its mandate and restore its role as a key enabler of South Africa's economic growth depends on the strength of its stakeholder relationships. In a year defined by accelerated recovery, structural reform and a concerted effort to rebuild trust, stakeholder engagement was not a compliance imperative but a strategic necessity.

Implementing the Tactical Recovery Plan and progress in the R4G Strategy required intensive engagement with stakeholders across Government, labour, industry, communities and the investment community. These engagements served to communicate our strategic intent, co-create solutions, manage expectations, and build a foundation of trust critical to the success of our reinvention.

Key operational milestones during the year included:

- Improved port efficiency through targeted equipment investments;
- Volume recovery across core rail corridors; and
- Structural reforms through the transformation of Transnet Freight Rail, the establishment of the TRIM and the corporatisation of TNPA.

A significant governance transition occurred with the shift in Shareholder oversight from the Department of Public Enterprises to the Department of Transport. Transnet responded with structured and consistent stakeholder engagements. These included ministerial site visits and regular updates to parliamentary committees, including SCOPA and the Portfolio Committee on Transport, demonstrating its commitment to accountability and alignment with national objectives.

Transnet deepened its external stakeholder relations through focused engagements with customers and industry partners, underpinned by performance dashboards, collaborative forums, and a solutions-oriented approach. These efforts contributed meaningfully to improved service delivery and gradually rebuilding confidence in the national freight logistics system.

Through active participation in national platforms such as the National Logistics Crisis Committee (NLCC) and Operation Vulindlela, Transnet played a central role in enabling sector reforms, including the liberalisation of rail access and the establishment of an independent infrastructure manager, critical enablers of a more competitive and efficient logistics environment.

Internally, stakeholder value was advanced through employee engagement initiatives including Group Chief Executive-led broadcasts, enterprise-wide strategy cascades and the activation of refreshed organisational values. These efforts contributed to improved morale, stronger alignment, and a culture of performance and accountability.

Additionally, Transnet strengthened its influence and collaboration within the broader business community through strategic partnerships with organisations such as the Black Business Council (BBC), South African Chamber of Commerce and Industry (SACCI), Black Management Forum (BMF), and African Rail Industry Association (ARIA). These engagements promote inclusive dialogue and shared economic development.

OUR STAKEHOLDERS

Stakeholder expectations have grown, and the need for responsiveness, transparency, and alignment has never been more critical. In this context, we strengthened our engagement practices to systematically integrate stakeholder insights into our strategy, governance, and operational execution.

We engage a wide range of stakeholders whose interests, influence and contributions are integral to the successful execution of our R4G Strategy.

STAKEHOLDER ENGAGEMENT FRAMEWORK

Our stakeholder engagement philosophy remains a central enabler of integrated thinking and sustainable value creation, ensuring that stakeholder voices help shape a resilient, efficient and inclusive future for Transnet and the country.

At Transnet, stakeholder engagement is embedded in creating value, managing risk, and delivering on our strategic objectives. Our stakeholder engagement philosophy is rooted in inclusivity, responsiveness transparency and integrated thinking.

Our approach is underpinned by a clearly defined Stakeholder Engagement Framework, which is fully embedded into our operating model. The Group Corporate Affairs Executive is the custodian of this framework, ensuring consistent Group-wide execution. Through appointing stakeholder relationship owners and developing tailored engagement plans within Operating Divisions, Transnet has strengthened the accountability, relevance and consistency of stakeholder interactions.

We are guided by recognised governance and reporting frameworks that provide a systematic approach to managing stakeholder relationships:

- King IV™ (and preparation for King V);
- Global Reporting Initiative (GRI) G4 Guidelines; and
- AA1000 Stakeholder Engagement Standard.

These frameworks ensure that stakeholder engagement contributes meaningfully to our integrated annual reporting efforts by aligning material stakeholder interests with our business strategy and outcomes.

To further evaluate the impact and effectiveness of our engagement approach, we are planning a stakeholder perception survey in 2025/26FY with key stakeholder groups. Insights from this initiative will guide the refinement of our engagement strategy and inform our long-term stakeholder priorities.

STAKEHOLDER MANAGEMENT VALUE CHAIN

Transnet's Stakeholder Engagement Forums help manage stakeholder issues and integrate recurrent issues while streamlining engagement practices, managing time and resources and promptly resolving challenges across common stakeholders. This approach allows Transnet to pool resources and build synergy in stakeholder responses across Operating Divisions. The forums have created a community to share learnings in effective stakeholder management. Meetings are held monthly and quarterly to ensure a Group-wide internal understanding of key stakeholder issues.

Stakeholder Forums enable effective stakeholder risk management by allowing informed and holistic decision-making on material stakeholder issues. This structure creates a chain of accountability by reporting material issues, especially recurrent or high-risk issues, to the Group Executive Committee structures. The forums help identify stakeholder needs and issues that need a response, which also includes the corporate social responsibility work of the Transnet Foundation. In 2025/26FY, we will appoint Community Champions as the custodians of managing stakeholder issues at the grassroots level.

STAKEHOLDER ENGAGEMENT continued

APPROACH TO MATERIAL ISSUES MANAGEMENT

Transnet's stakeholder issue management aligns with a strategic approach driven by the Stakeholder Engagement Framework. As there is growth in understanding key stakeholder issues over time, there is a focus on measuring trends in stakeholder issues, reviewing those issues over time and how effectively they are being addressed, and categorising them as we track them.

Stakeholder management processes and an overview of stakeholder issues

HOW STAKEHOLDER ISSUES ARE RECORDED THROUGH GROUP FORUMS

- Stakeholder issues are reported through the Stakeholder Forums;
- High-risk stakeholder issues are escalated through the management structures; and
- The Issue Register records stakeholder issues and supports the tracing of these issues over time.

HOW STAKEHOLDER ISSUES ARE RESOLVED

- Stakeholder issues are directed to the relevant departments to respond based on the subject matter. For example, community wellbeing issues are resolved by the Transnet Foundation.

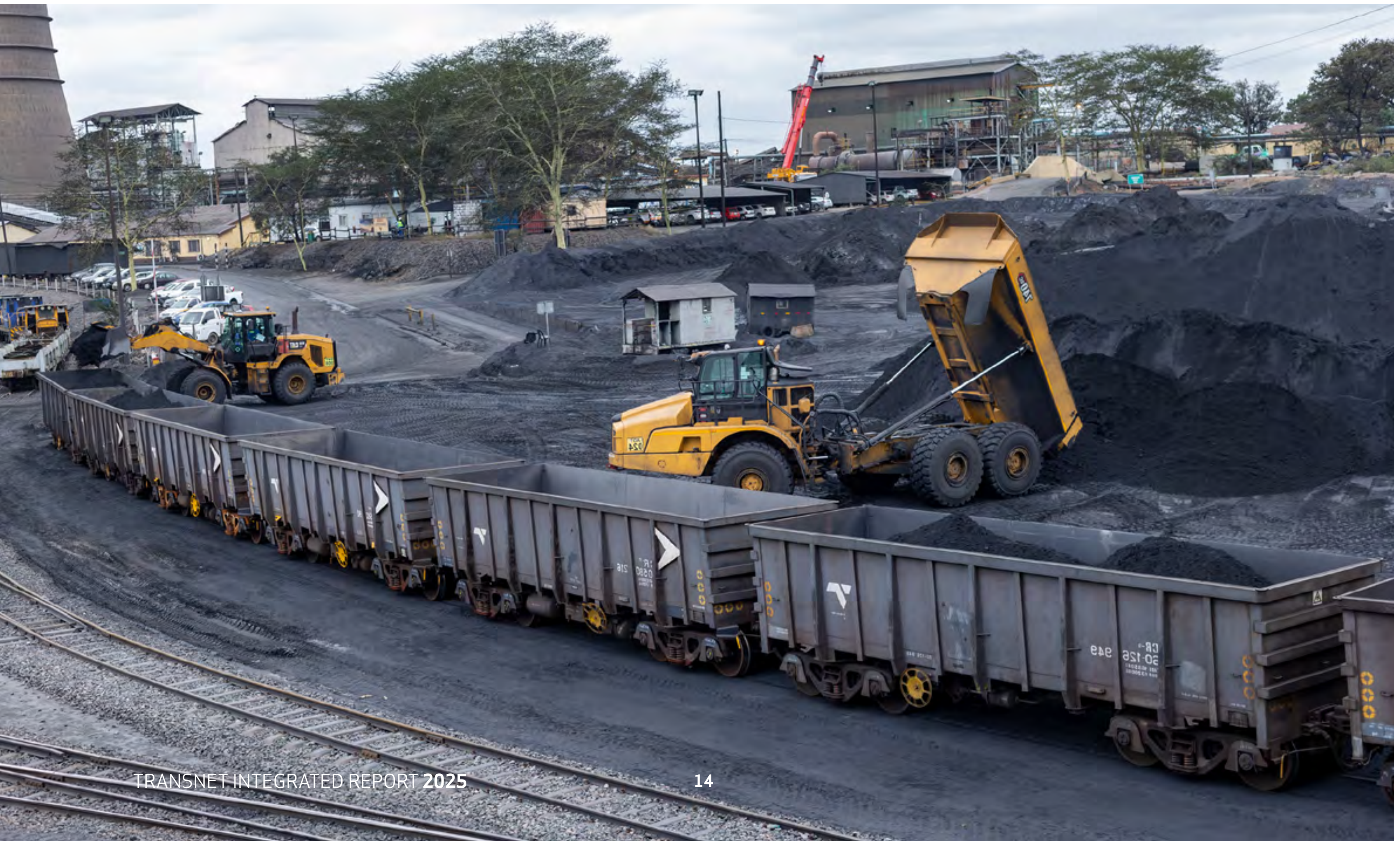
STAKEHOLDER ISSUES AND CATEGORIES

- Most stakeholder issues reported to Stakeholder Forums are related to community issues (wellbeing, safety, job creation etc.); and
- Other stakeholder issues are related to ongoing engagements with other actors in the different departments and vary depending on the frequency of engagements.

A new stakeholder management system

Transnet will use digital tools to measure and evaluate its stakeholder activities. This financial year, Transnet adopted the Isometrix issue management system to streamline reporting and monitor progress in addressing key stakeholder issues. This is an improvement from the previous manual reporting system, which resulted in limited issue management registers and ineffective timeline management of stakeholder issue responses. The Isometrix tool will support the stakeholder team to optimise and visualise stakeholder issues across our communities, depots and sites.

The Isometrix data management system tracks several reputation management metrics, including grievances received and resolved, parliamentary questions, media queries and responses, social media activity, brand initiatives and internal communications campaigns.



Key stakeholder engagement activities for 2025

Transnet's ability to deliver sustainable value hinges on consistent, transparent, and purpose-driven stakeholder engagement. We adopt a tailored approach to address each stakeholder group's distinct expectations, concerns, and priorities, ensuring alignment with our strategy and national development imperatives.

In the 2024/25 financial year, our stakeholder engagement efforts focused on advancing structural reform, operational recovery and service delivery. Dedicated engagement platforms, such as stakeholder forums, performance dashboards, and strategic dialogues, enhanced collaboration, transparency and trust with Government, industry, employees, and business associations.

WHO THEY ARE

The Shareholder, represented by the Minister of Transport

Purpose of our engagement

Transnet fosters trust, accountability and alignment with Shareholder expectations through our engagements.

Methods and channels of engagement

- Annual General Meeting (AGM)
- Operational updates
- Site visits
- Integrated Report

Expectations and key engagement issues

- Sustainable growth in volumes, revenue, and returns
- Strong balance sheet and risk mitigation
- Transparent governance and reporting
- Effective leadership and succession planning

Our response

Engagements include the AGM held in September 2024, where the Minister reviewed and provided feedback on Transnet's financial performance, strategic direction, and governance practices.

Transnet maintained proactive and consistent engagement with the Shareholder through transparent communication, operational updates, and collaborative site visits.

During Transport Month in October 2024, the Minister of Transport led several oversight visits and stakeholder engagements at key Transnet operations, including the Ports of Ngqura, Durban, Richards Bay and Mossel Bay. These visits served as platforms for Transnet to brief the Minister on operational improvement plans, readiness for peak seasons and stakeholder priorities. They also included opportunities for media engagement to enhance public awareness of Transnet's activities.

Related risks

- Governance

Capitals impacted

STAKEHOLDER ENGAGEMENT continued

WHO THEY ARE

South Africa's Parliament, the country's legislative body, responsible for making laws, overseeing Government, and representing the people's interests

Purpose of our engagement

These sessions reinforce transparency and demonstrate our commitment to transformation, efficiency, and national development outcomes.

Methods and channels of engagement

- Presentations to Parliament's Portfolio Committees
- One-on-one engagement and site visits

Expectations and key engagement issues

- Accountability and compliance
- Strategic alignment with national priorities
- Effective service delivery
- Responsible use of public resources

Our response

Transnet presents to Portfolio Committees and regularly reports on strategy, performance and governance. Engagements include:

- October 2024 – Portfolio Committee on Transport on Audit outcomes
- September 2024 – SCOPA on the 2024/25 Integrated Report and audit outcomes
- February 2025 – Oversight visit to Transnet headquarters, City, Transnet Engineering, a trip along Sentrarand, and a walkabout at the Port of Cape Town
- March 2025 – an introductory session with the Select Committee on Public Infrastructure and the Minister in the Presidency

Related risks

- Governance

Capitals impacted

WHO THEY ARE

The NLCC is a collaborative platform and oversight mechanism, enabling joint problem-solving with Government and industry to unlock system-wide logistics improvements

Purpose of our engagement

Transnet's engagements with the NLCC are critical to stabilising and reforming South Africa's logistics system.

Methods and channels of engagement

- NLCC working group sessions
- Progress reviews
- Strategic alignment meetings

Expectations and key engagement issues

- Urgent structural reforms
- Performance monitoring and reporting
- Stakeholder collaboration
- Unlocking investment

Our response

As a key implementing partner, Transnet participates in regular NLCC engagements. Transnet provides updates on operational performance, rail reform implementation, infrastructure recovery plans and key interventions aligned with the Freight Logistics Roadmap.

Related risks

- Operational sustainability and efficiency
- Infrastructure/Asset creation

Capitals impacted

WHO THEY ARE

50 988 employees based at our Operating Divisions

Purpose of our engagement

These engagements foster a shared sense of purpose and ensure all employees remain connected to Transnet's journey.

Methods and channels of engagement

- Employee Imbizos
- Executive broadcasts at the Group and Operating Divisions
- Wellness webinars
- Annual performance discussions

Expectations and key engagement issues

- Safe, inclusive, and healthy work environment
- Career growth, fair remuneration, recognition
- Clear performance expectations
- A culture of empowerment

Our response

A structured internal communication programme supports employee engagement and keeps employees informed, aligned, and motivated. These platforms embed strategic alignment, reinforce key priorities, and cultivate a purpose-driven culture linked to our Reinvent for Growth Strategy and Recovery Plan.

Related risks

- Operational sustainability and efficiency
- People and learning

Capitals impacted

WHO THEY ARE

At year-end, 82% of 46 014 bargaining unit employees in Transnet belonged to a union

Read more about our recognised unions on page 104.

Purpose of our engagement

These engagements aim to balance operational imperatives with employee welfare, ensuring that transformation is managed inclusively and responsibly.

Methods and channels of engagement

- NLCC working group sessions
- Progress reviews
- Strategic alignment meetings

Expectations and key engagement issues

- Assurance of job security and preservation
- Transparent and timeous communication on organisational changes
- Fair labour practices, including compliance with collective agreements and labour legislation
- Inclusive participation in decision-making processes affecting employees
- Access to skills development and retraining opportunities in line with evolving operational needs

Our response

Engagements with organised labour are institutionalised through platforms such as the Strategic Leadership Forum, where the Group Chief Executive and Group Executive Committee hold quarterly consultations with labour representatives. Key matters discussed include the progress on the Annual Corporate Plan, with emphasis on performance against targets and initiatives supporting value creation, updates and consultation on major structural reforms, including rail reform (the separation of Transnet Freight Rail (TFR), establishment of the Interim Rail Infrastructure Manager) and corporatisation of the Transnet Rail Infrastructure Manager. Transnet consults with organised labour on the treatment of employees within PSP transactions. The wage negotiations culminated in the settlement of annual salary increases for bargaining unit employees.

Related risks

- Operational sustainability and efficiency
- People and learning

Capitals impacted

STAKEHOLDER ENGAGEMENT continued

WHO THEY ARE

Our investors, which include banks and institutional investors, provide debt funding to support the delivery of our strategy

Purpose of our engagement

Engagements with investors aim to build positive and long-term relationships and support Transnet's continued access to funding.

Methods and channels of engagement

- Financial disclosures
- Investor roadshows
- Strategic briefings
- Integrated Report

Expectations and key engagement issues

- Clear strategic direction and delivery
- Transparent risk management
- Sustainable returns and value creation

Our response

Transnet continues to rebuild investor confidence through regular financial disclosures, participation in investor roadshows, and strategic briefings. The year-end results announcement in September 2024 focused on providing clarity regarding the Tactical Recovery Plan, rail reform progress, and structural interventions to improve operational efficiency. The investor roadshows that followed prioritised upholding capital market confidence and deepening funding access.

Related risks

- Financial sustainability and funding
- Infrastructure/Asset creation

Capitals impacted

WHO THEY ARE

Our customers who support our six Operating Divisions

Purpose of our engagement

We engage with our customers to strengthen partnerships, better understand their evolving needs, and co-create solutions that drive shared success and long-term value.

Methods and channels of engagement

- Reinstitution of Group Commercial Officer for integrated customer service solutions
- Quarterly engagements with customers, both directly and indirectly through Business Chambers, led by the Group Chief Executive
- Active participation in various industry conferences across the mining, rail, and port sectors to stay engaged, informed and connected with key customers
- Transnet Insights, the customer newsletter

Expectations and key engagement issues

- Service delivery and competitive pricing
- Timely execution of strategy projects
- Innovation to meet evolving needs
- Security of goods transported

Our response

- Transnet and Investec launched a stakeholder engagement initiative involving public and private sector entities. Led by the TRIM Chief Executive and Investec CEO, the discussions focus on TRIM's economic role and third-party access to the rail network
- Transnet is in discussions with customers to co-fund repairs on heavy haul iron ore and coal lines
- Transnet has entered a transformative three-year strategic partnership with the Automotive Business Council (NAAMSA) to support import/export logistics for the automotive sector

Related risks

- Business development and competition
- Financial sustainability
- Infrastructure asset

Capitals impacted

WHO THEY ARE

The media, including representatives from print, TV, radio and online

Purpose of our engagement

These engagements, both planned and responsive, strengthen transparency, foster media relations, and reinforce public confidence in Transnet's performance and reform agenda.

Methods and channels of engagement

- Quarterly media briefings
- Press release
- Media-friendly online content
- Interviews
- Responses to media questions

Expectations and key engagement issues

- Timely and accurate information
- Clarity and consistency
- Responsive and proactive communication
- Credible, accessible spokespersons

Our response

Media engagements help Transnet drive key messaging and inform the public of its progress. Transnet regularly communicates about its progress, challenges and milestones. Engagements included:

- Throughout the year, Transnet issued press releases and invited the media to participate in the Annual Results Announcement
- In April 2024, the Board Chairperson and Transnet executives held a media briefing on operational performance and rail reform progress
- The Minister of Transport engaged the media during oversight visits to Transnet's operations (Ports of Port Elizabeth, Cape Town, Durban and Mossel Bay)
- At the Mining Indaba in February 2025, the Chairperson was interviewed on Transnet's operational performance and outlook

Related risks

- Reputation management

Capitals impacted

STAKEHOLDER ENGAGEMENT continued

WHO THEY ARE

Communities include the people who live around our operations and are affected by our activities

Purpose of our engagement	Methods and channels of engagement
Community engagement is essential to maintaining public support and minimising disruptions to daily operations. Local stakeholders, including traditional leaders and community forums, provide critical insights into community needs and amplify the visibility of Transnet's contributions at a local level.	• Community engagements • Traditional leadership engagement • Enterprise and supplier development • Skills development • CSI
Expectations and key engagement issues	**Our response**
• Access to opportunities • Social investment and development • Skills and education support • Transparent communication	Regular meetings are held with community leaders and local municipalities across all Operating Divisions to align on shared priorities and ensure that communities benefit from Transnet's presence. Traditional leaders are key partners who are kept informed of developments and actively listen to their input to better respond to specific community challenges. Transnet invested R11 million in community development through targeted interventions Our flagship two Phelophepa Health trains bring quality primary healthcare to communities along rail corridors. These mobile clinics offer general health check-ups cancer screenings dental and eye care counselling and access to essential medicines and prescription glasses. The programme has reached over 733 000 patients and represents a meaningful investment of R75 million in community wellbeing. Transnet drives enterprise and supplier development initiatives to support local SMMEs through procurement opportunities, training and mentorship. Its skills development initiatives include investing in education and training to empower youth and build a pipeline of logistics skills. Despite financial constraints, Transnet invested a total of R105 million in strategic CSI programmes, delivering high-impact health, livelihoods, and education projects through the Transnet Foundation. A more agile and impact-driven CSI model was adopted to ensure sustainable community development.
Related risks	**Capitals impacted**
• Operational sustainability and efficiency • Reputation management	

LOOKING FORWARD

Transnet is committed to improving its stakeholder management processes in the 2025/26 financial year. Focus areas include:

- Encouraging stakeholders' relationship owners to take charge of the engagements;
- Conducting an audit on the stakeholder relationship owners' impact on stakeholders;
- Providing feedback on the multi-stakeholder perception survey, to be conducted late in the 2025 calendar year. The survey will evaluate stakeholder relationship quality and provide guidance on improving engagement;
- Driving awareness around Transnet's Reinvent for Growth Strategy and deliverables achievement; and
- Monitoring adoption of the Isometrix data management tool and its efficiency in managing stakeholder engagement updates.

While there are many challenges on the road to a full recovery, we are moving forward with a clear vision and a deep commitment to delivering lasting value for all South Africans.

CHAIRPERSON'S **REVIEW**

In 2024/25FY, we confronted our operational, financial and governance challenges and laid the foundation for a more resilient and future-fit organisation. I am encouraged by the progress made and the renewed sense of purpose that guides our journey forward.

A YEAR OF RECKONING, RECOVERY AND RENEWED PURPOSE

While economic growth remained subdued at 0,1% in the first quarter of 2025, there were some pleasing gains in agriculture, household consumption and exports. The South African Reserve Bank's composite leading business cycle indicator rose in March 2025, suggesting a gradual improvement in economic momentum. Inflationary pressures have eased, and interest rates have declined, creating a more predictable investment and operational recovery environment.

At the heart of this evolving landscape is the Government of National Unity (GNU), which has placed SOE reform at the top of its economic agenda. The GNU has made it clear that improving the financial viability and operational efficiency of SOEs such as Transnet is essential to South Africa's growth potential. This emphasises export competitiveness, infrastructure investment and enterprise development.

The GNU has also heralded a shift in oversight, with Transnet now reporting to the Department of Transport instead of the Department of Public Enterprises. This transition reflects a broader commitment to integrated transport policy, regulatory alignment and a coordinated approach to logistics reform.

In March 2025, the Department of Transport launched an initiative to attract PSP in key freight corridors, serving iron ore, manganese, coal, chrome, automotive and container exports. This policy direction aligns closely with Transnet's strategy. We are actively working to crowd in private investment and operational expertise through structured partnerships, while retaining State ownership of strategic infrastructure.

However, global developments continue to present challenges. The February 2025 announcement by the United States to impose new tariffs on imported vehicles and auto parts sent ripples through the global automotive industry. This development introduces new uncertainty for South Africa, a key exporter of fully built units to the US market. We closely monitor the situation and work with industry stakeholders to ensure that our automotive logistics infrastructure remains responsive, resilient and globally competitive.

Despite these challenges, we remain confident in our direction.

Through our Tactical Recovery Plan and the broader R4G Strategy, we have made measurable progress in stabilising operations, restoring stakeholder confidence and repositioning Transnet as a reliable and future-fit logistics partner for the broader SADC region.

REFORM AND RESTRUCTURING: LAYING THE GROUNDWORK FOR THE FUTURE

Transnet is a central cog in South Africa's economy. If Transnet falters, the local economy does too. This recognition created the urgency to drive operational reforms through private sector partnerships and embark on a structural reform programme to introduce private sector funding and skills transfer.

The Tactical Recovery Plan guided the implementation of tactical and transformative initiatives to address our operational challenges. This was supported by focused objectives developed to improve performance and sustainability across the Group. Our immediate response was to arrest operational decline, improve operational efficiencies and embed a service excellence culture. The improved rail and port performance underlines the success of this plan.

Safety is non-negotiable

Safety is not a compliance issue, but a moral imperative and a cornerstone of operational excellence.

A strong safety culture is fundamental to operational excellence and stakeholder trust; it prevents harm and supports productivity, innovation and employee wellbeing. By investing in modern, reliable equipment and embedding safety into our decision-making, we are rebuilding a safety culture and instilling a mindset of accountability and care and prioritising zero harm.

Our safety performance has been disappointing. The rise in derailments, theft and vandalism is deeply concerning. It is with great sadness that we report seven employee fatalities and 83 public fatalities. Most of these public incidents were railway-related causes, including trespassing, level crossing collisions and individuals found near railway tracks. These figures underscore the urgent need to strengthen our safety interventions and community awareness efforts as we work towards zero harm. The Board views this as a critical risk and has prioritised a comprehensive safety turnaround strategy. This includes:

- Investing in modern safety systems and automated signalling;
- Strengthening partnerships with law enforcement and communities; and
- Embedding a culture of safety and accountability across the organisation.

We delivered an improved security performance in 2025, reflecting our commitment to securing critical infrastructure and improving operational resilience. Overall security-related incidents declined 23% to 6 345. This improvement is attributed to implementing the outcome-based security (OBS) programme and enhanced collaboration with law enforcement.

Dr Andile Sangqu
Chairperson

The plan focused on improving the availability and reliability of critical equipment and enhancing asset quality, including moving assets, such as rolling stock, port, and marine equipment, and fixed infrastructure. We prioritised improving maintenance planning and adherence to plans to resolve operational bottlenecks and equipment shortages.

Equally important are investments in critical equipment to overcome operational hurdles, improve efficiency and fulfil its crucial role in South Africa's logistics ecosystem. We partnered with the private sector to invest in infrastructure projects, technology, and skills development.

These reforms are enablers designed to attract private sector investment, innovation, and position Transnet as a catalyst for national economic growth.

Highlights for 2024/25FY

- Our rail network moved 160,1mt of goods
- EBITDA increased to R30,6 billion
- Security-related incidents declined 23% to 6 345

Security highlights

- Cable theft incidents decreased from 4 411 to 3 501, with a 27% reduction in cable length stolen
- Train cancellations due to security incidents dropped by 46%, from 3 901 to 2 106
- Fuel theft incidents at Pipelines fell by 73%, from 49 to 13
- Security vetting compliance across priority employee groups reached 68%, with 100% compliance at the Board level

CHAIRPERSON'S REVIEW continued

Government's financial support, in the form of Government-guarantee facilities, has enabled us to achieve our objectives. Post year-end, the Minister of Transport, Barbara Creecy, announced R51 billion to support our capital investment programme and meet our debt obligations. This critical intervention alleviates our substantial debt burden, which has limited our ability to invest, maintain and operate effectively.

The structural reforms underway are among the most significant in Transnet's history. The vertical separation of Freight Rail and the establishment of Transnet Rail Infrastructure Manager (TRIM) mark a shift toward a more open, competitive and investment-friendly rail sector. The corporatisation of TNPA is another milestone, aimed at enhancing governance, transparency and efficiency in port operations.

GOVERNANCE, OVERSIGHT AND STAKEHOLDER ENGAGEMENT

As the custodian of South Africa's key network and transportation systems, a financially stable and reliable Transnet is central to Government's strategic goals of stimulating economic growth, creating jobs and building a capable state.

The seventh national administration outlined a bold and pragmatic vision for South Africa's economic recovery and inclusive growth. Central to this vision is the recognition that Transnet is a critical enabler of industrialisation, trade competitiveness and job creation. We have aligned with Government's priorities by accelerating infrastructure investment, modernising our core operations and strengthening the reliability of our logistics network.

We are addressing long-standing challenges that have constrained our performance. These include the deterioration of key assets, rising incidents of crime and vandalism and inefficiencies that have increased the cost of doing business. Our response has included deploying targeted security interventions to fast-track maintenance and rail and port refurbishment programmes. Concurrently, we are advancing private sector partnerships to stabilise operations and establish a foundation for a more competitive, customer-centric logistics sector.

Government's support through the National Logistics Crisis Committee (NLCC) is instrumental in coordinating cross-sector efforts to resolve systemic bottlenecks. This collaborative platform brings together business, Government and Transnet to drive essential reforms to restore confidence in South Africa's freight system. As the backbone of the country's logistics infrastructure, Transnet must reduce the cost and complexity of moving goods across the country. We aim to create a seamless integrated logistics network that connects ports, rail and road in a way that is efficient, scalable and responsive to the economy's needs.

In September 2024, we welcomed the oversight visit by the Parliamentary Portfolio Committee, which provided valuable feedback and affirmed our commitment to transparency and accountability. We are engaging constructively with the Independent Rail Economic Regulator Committee (IRERC) to align regulatory expectations with our strategic direction. The R51 billion government guarantee is a vote of confidence in our recovery journey.

Transnet's approach to improving South Africa's logistics performance is guided by five strategic focus areas, outlined as follows:

1. Enhancing rail and port efficiency

We are enhancing operational performance by repositioning Durban as a global hub port and strengthening Ngqura's transshipment role. These efforts are complemented by improved rail connectivity to the hinterland, particularly along the Durban–Gauteng Container Corridor, to reduce congestion and accelerate cargo movement.

2. Advancing multimodal integration

A seamless logistics network is being developed by linking hubs and feeder ports, expanding cross-border rail freight, and integrating intermodal solutions across sectors such as agriculture and automotive. This approach aims to reduce road dependency, lower logistics costs, and support environmental sustainability.

3. Aligning capital investment with strategic priorities

We will invest R127,7 billion over five years, with 84,7% allocated to sustaining infrastructure and 15,3% to expansion. Strategic corridor investments, such as R18,9 billion in the Container Corridor, should eliminate bottlenecks and increase throughput capacity, ensuring our infrastructure supports current and future demand.

4. Engaging stakeholders and driving reform

The strategy includes engaging independent specialists to lead stakeholder consultations, align master planning and enable agile strategy realignment. These initiatives will build consensus, reduce resistance, and accelerate the implementation of critical reforms.

Stakeholder collaboration is a crucial pillar of Transnet's efforts to resolve challenges and drive innovation by co-creating solutions and jointly undertaking initiatives to enhance operational efficiency. Underlining our commitment to open and honest communication to build trust and understanding, we regularly update our key stakeholders about our operational and capital plans, provide performance updates, and progress on resolving key challenges facing our organisation.

5. Building environmental and operational resilience

We are revisiting technical specifications to ensure our infrastructure is climate-resilient and future-ready. Through initiatives like promoting slow steaming[1] and by adopting electrified rail systems, we will reduce emissions, lower operational costs, and strengthen the long-term sustainability of our logistics network.

[1] *Slow steaming is a practice where ships reduce their speed to save fuel and reduce emissions.*

SUSTAINABILITY AND SOCIAL IMPACT

Transnet is committed to embedding environmental, social and governance (ESG) principles into our strategy and daily operations.

Environmental stewardship

Our renewable energy rollout gained momentum, with a 20MW solar project at Richards Bay and additional solar capacity at Pipelines. Air quality complaints dropped by 59%, and we improved water efficiency through infrastructure upgrades, including a major network overhaul at the Port of Durban. We also cleared over 2 500 hectares of alien and invasive plants and implemented wildlife protection measures along key rail corridors. We are exploring green logistics corridors, renewable energy integration, and circular economy practices to reduce our environmental footprint and support South Africa's climate commitments.

Social impact

Our people are at the heart of our operations. We invested R860 million in skills development, supporting over 4 000 employees and youth across various programmes. While our lost time injury frequency rate (LTIFR) rose slightly to 0,77, we responded with a strengthened 10-Point Safety Plan. Transformation remains a priority, and 93,8% of our workforce is black, and 33% are women. Our Phelophepa healthcare trains are an impactful initiative, touching many lives by bringing primary healthcare services to remote and rural communities.

Our initiatives to support community development and social welfare are a source of pride because they are a conduit between our business objectives and national priorities, such as access to health care services for all South Africans.

Governance excellence

We reinforced our governance framework, with ESG-aligned KPIs embedded in executive performance contracts and oversight led by the Board's RemSEC. Our anti-corruption efforts recovered R31,4 million, and our whistleblower hotline handled 341 reports, of which 52% were not anonymous, reflecting growing trust. Over 58% of our procurement spend went to Black-owned businesses, and we launched a supplier ESG due diligence programme to strengthen ethical sourcing.

The road ahead: 2025/26FY and beyond

Our Corporate Plan for 2025/26FY is focused on consolidation and acceleration. We aim to:

- Deepen private sector participation in rail and port operations;
- Strengthen financial resilience and governance;
- Drive digital transformation and innovation; and
- Embed a culture of performance, safety and service excellence.

We are not fixing what is broken; we are reimagining what is possible.

Our Corporate Plan will be guided by our higher purpose

Transnet is more than a logistics company. We are the backbone of South Africa's economic prosperity. Our purpose is to enable the seamless movement of goods and resources that power our nation's growth and development. This purpose must resonate with every employee, every partner, and every South African who depends on us.

We will achieve this by:

- Upholding ethical standards and transparency in all we do;
- Striving for excellence in service delivery and operational efficiency;
- Focusing relentlessly on customer needs; and
- Fostering teamwork and collaboration across our ecosystem.

APPRECIATION

As we close the chapter of recovery and focus on renewal, I extend my heartfelt gratitude to all those who have walked this journey with us.

To our customers, thank you for your continued partnership, patience and collaboration. Your willingness to co-create solutions and invest in shared outcomes has been instrumental in our progress. Your trust motivates us to raise our standards and deliver the reliable and efficient service you deserve.

To our employees, the heart of Transnet, your resilience and dedication have been inspiring. You demonstrate what is possible when purpose meets perseverance. Across our operations, we are witnessing a renewed sense of pride and ownership. This is more than a cultural shift; it is the foundation of a high-performance organisation.

To our Shareholder, the Government, and to National Treasury and the Department of Transport, we are grateful for your support and oversight. Your confidence in our recovery, including providing financial guarantees, has enabled us to invest in critical infrastructure and meet our obligations.

To our executive leadership, thank you for your stewardship, courage and clarity of purpose. Your leadership has been vital in navigating complexity and setting a course for long-term sustainability.

While there are many challenges on the road to a full recovery, we are moving forward with a clear vision and a deep commitment to delivering lasting value for all South Africans. We must foster collaboration across our business and with partners by emphasising the importance of working together to achieve common goals while reinforcing a sense of community.

Thank you,

Dr Andile Sangqu
Chairperson

Transnet Board Chairperson, Dr Andile Sangqu, providing a high-level overview of the organisation's performance, providing a balanced, forward-looking perspective for the year ahead.

BOARD MEMBERS

ANDILE SANGQU

Chairperson of the Board

Birth Date: October 1966
Appointment date: July 2023

1 2 3 10 12 15 20

Qualifications
DBA (GIBS), MBL (UNISA), Advanced Management (INSEAD), BCom Accounting (Rhodes), BCompt (Hons) CTA (WSU), Higher Diploma in Tax Law (UJ)

External directorships
- Deliwe Properties
- Energy Impact Investment Partners
- Growthpoint Properties – Non-executive Director
- PSG Konsult
- Western National Insurance Company
- Rhodes University Council – Member of Council

MICHELLE JEAN PHILLIPS

Group Chief Executive

Birth Date: December 1970
Appointment date: March 2024

6 8 12 19 22

Qualifications
B Juris LLB (Nelson Mandela University), Executive Development Leadership Programme (GIBS), Global Executive Development Leadership Programme (GIBS), Several International Terminal Operations Management Programmes, Transnet Women in Operations Management Programme, Breakthrough Programme for Senior Executives (IMD)

NOSIPHO MAPHUMULO

Group Chief Financial Officer

Birth Date: December 1968
Appointment date: April 2024

1 2 12 16 22

Qualifications
BCompt Honours/CTA (UNISA), Chartered Accountant (SAICA), Certificate in Financial Instruments and Markets, Senior Executive Programme (Wits/Harvard)

REFILWE BUTHELEZI

Independent Non-Executive Director

Birth Date: August 1983
Appointment date: July 2023

1 3 5 13 14 16 18 19

Qualifications
Bachelor of Engineering (University of Johannesburg), MBL (University of Johannesburg), Master in Engineering Management (University of South Africa), Professional Business Coaching (Gordon Institute for Business Science)

External directorships
- South African National Roads Agency State-owned Company Limited
- Coefficient Technologies
- Phungashe Consortium
- Resurge Engineering Africa

MARTIN DEBEL

Independent Non-Executive Director

Birth Date: October 1955
Appointment date: July 2023

2 3 4 8 12

Qualifications
BSc Engineering in Maritime Science (Rotterdam Institute of Applied Sciences, Netherlands), Navigation Licence – All Ships/All Seas (Rotterdam Nautical College, Netherlands), Post-graduate: Analyse, Understand and Construct – Business process redesign (TSM Business School, Netherlands)

External directorships
- xMaritime

BUSISA JIYA

Independent Non-Executive Director

Birth Date: December 1971
Appointment date: July 2023

1 13

Qualifications
Bachelor of Business Science (Economics Honours) (University of Cape Town), Senior Leadership Development Programme (Manchester University Business School), Advanced Leadership and Management Programme (Liberty Corporate), Advanced Management Programme (Thomson Reuters Academy), Directorship in Companies (Wits Business School), Key Individual (RE1 and RE3 Financial Advisory and Intermediary Services Exams) (Financial Sector Conduct Authority)

External directorships
- Jiya Africa Asset Managers
- Busisa Jiya Investment Management

BOARD COMMITTEES
- Audit
- Corporate Governance and Nominations
- Finance and Investment
- Remuneration, Social and Ethics
- Risk
- Business Operations Performance

BOARD MEMBERS' COMPETENCIES
1. Auditing and finance
2. Business, legal, risk and compliance management
3. Corporate governance
4. Data, ICT and digital management
5. Engineering and design
6. Maritime operations
7. Infrastructure development
8. Transport and logistics
9. Sales and marketing management
10. Mergers and acquisitions
11. Human resources and people management
12. Project and operations management
13. Property and asset management
14. Safety, health and the environment
15. Socio-economic development
16. Stakeholder relations
17. Research and analytics
18. Strategy and strategic governance
19. Leadership principles
20. Climate management
21. Procurement and supply chain
22. Public policy development

BOARD MEMBERS continued






LEBOGANG LETSOALO
Independent Non-Executive Director

Birth Date: March 1979
Appointment date: July 2023

1 9 21

Qualifications
MBA (UNISA), BTech Logistics UJ, Diploma in Purchasing (UJ)

External directorships
- Sincpoint, Shareholder
- South African Network of Supply Chain, Shareholder
- South African Women In Supply Chain, Non-Executive Director
- Jet Demolition, Non-Executive Director
- Booyco Engineering, Non-Executive Director
- Inqolobane Investment, Trustee
- BI Engineering, Non-Executive Director
- Tria-Anagram, Shareholder
- Bay Engineering, Non-Executive Director
- House of Delicacies, Director
- Black Industrialist Group, Shareholder
- Sincpoint Transport Fund, Shareholder
- EMT Waste, Shareholder

FHOLISANI MUFAMADI
Independent Non-Executive Director

Birth Date: February 1959
Appointment date: May 2018

15 19 22

Qualifications
MSc in States, Society and Development (University of London), PhD (University of London)

External directorships
- Impala Platinum
- Zimplats (Chair)

KHULEKELWE GLYNNIS MBONAMBI
Independent Non-Executive Director

Birth Date: April 1976
Appointment date: August 2025

1 2 3 4 11 21

Qualifications
BCom Accounting, BCom Hons (Accounting – CTA), Chartered Accountant South Africa – CA(SA), Chartered Director South Africa CD(SA),
Certificate in Executive Leadership (WBS)

External directorships
- Gautrain Management Agency
- POLMED
- Gauteng Provincial Treasury
- Limpopo Provincial Treasury
- South African National Energy Development Institute (SANEDI)

DIPAK PATEL
Independent Non-Executive Director

Birth Date: February 1964
Appointment date: July 2023

1 5 8 20

Qualifications
MBA (Wits), MSc Dev. Econ. (London), Chemical Engineering (DUT), INSEAD

External directorships
- Bamba Zonke
- Ga Re Yeng Travel
- Absuwize
- Loninet

BOITUMELO SEDUPANE
Independent Non-Executive Director

Birth Date: February 1984
Appointment date: July 2023

11 17

Qualifications
Bachelor of Arts (Industrial Psychology and Industrial Sociology (University of the Witwatersrand), Bachelor of Arts (Honours) (Industrial and Organisational Psychology) (University of South Africa), Executive Development Programme (Wits Business School), Executive MBA (University of Cape Town Graduate School of Business)

External directorships
- Leadership Talent
- NBCRFLI
- SABPP

MOSADIWAMARETLWA ZAMBANE
Independent Non-Executive Director

Birth Date: July 1970
Appointment date: July 2023

1 2 3 11

Qualifications
Practical Legal Studies Course (University of Cape Town), Bachelor of Laws (LLB) (University of Cape Town), Bachelor of Arts (Law) (University of Cape Town), Higher Diploma in International Tax Law (University of Johannesburg), Higher Diploma in Tax Law (University of Johannesburg)

External directorships
- Wamaretlwa Investments
- Columbus Stainless Steel

BOARD COMMITTEES
- Audit
- Corporate Governance and Nominations
- Finance and Investment
- Remuneration, Social and Ethics
- Risk
- Business Operations Performance

BOARD MEMBERS' COMPETENCIES

1 Auditing and finance
2 Business, legal, risk and compliance management
3 Corporate governance
4 Data, ICT and digital management
5 Engineering and design
6 Maritime operations
7 Infrastructure development
8 Transport and logistics
9 Sales and marketing management
10 Mergers and acquisitions
11 Human resources and people management
12 Project and operations management
13 Property and asset management
14 Safety, health and the environment
15 Socio-economic development
16 Stakeholder relations
17 Research and analytics
18 Strategy and strategic governance
19 Leadership principles
20 Climate management
21 Procurement and supply chain
22 Public policy development

Good governance is crucial for effective service delivery, economic growth, and public trust. We must operate efficiently, transparently, and accountably, to secure better outcomes for citizens and the nation.

GOVERNANCE **OVERVIEW**

The Board, as custodians of governance, oversees the execution of Transnet's strategy and monitors the delivery of operational, commercial, and statutory objectives. The Board ensures the Company's long-term financial, socio-economic, and environmental sustainability while balancing stakeholders' interests.

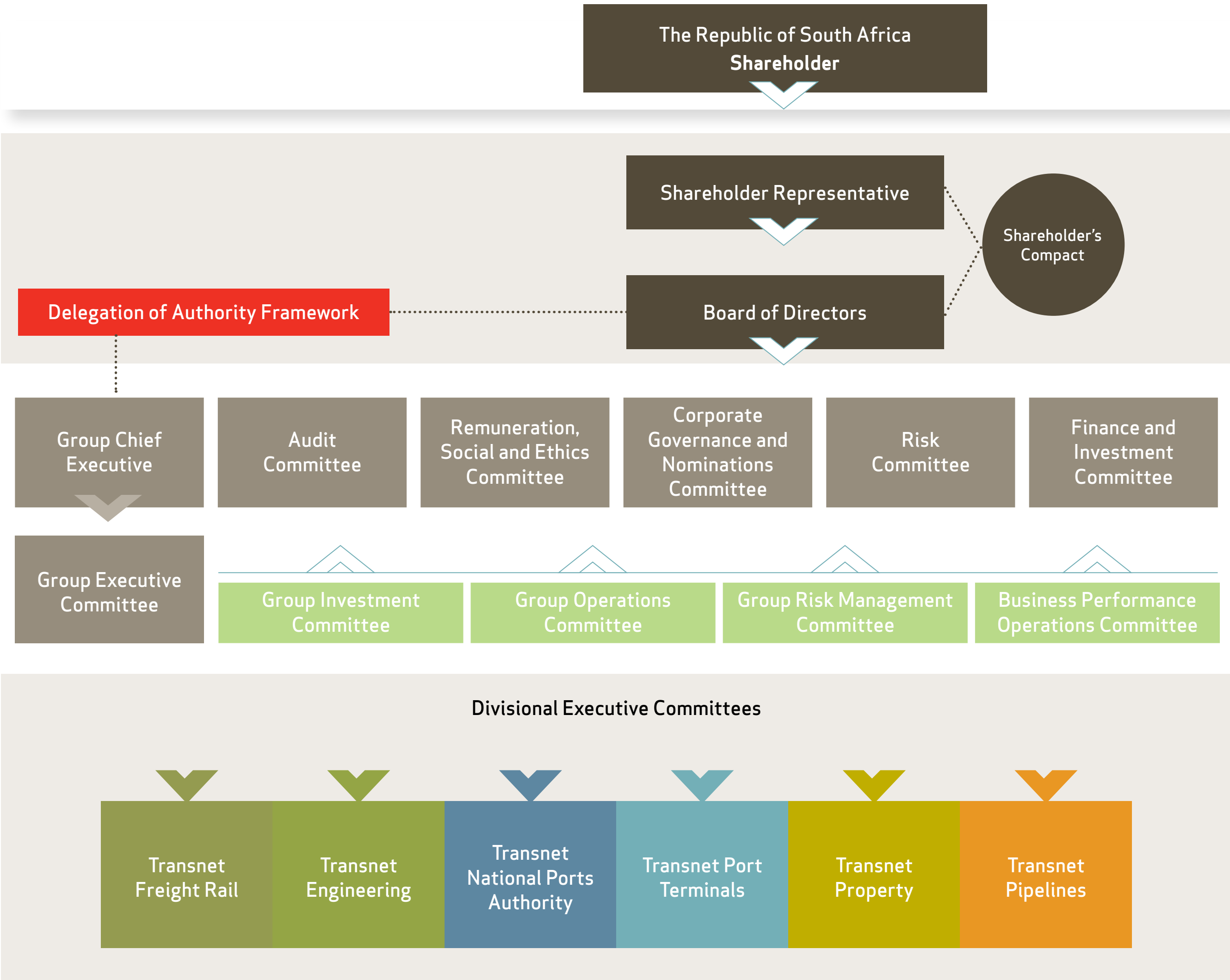
Transnet is a State-owned entity, under the control of its Board, committed to continuously improving sound governance in accordance with the PFMA, the Companies Act, JSE listing requirements and other relevant legislation. The Board strives to embed best practice governance principles throughout the organisation, in line with King IV™ principles, thereby reinforcing a culture of ethical and effective leadership, transparency and accountability.

EXECUTIVE AUTHORITY AND OVERSIGHT

During the year under review, the Minister of Transport assumed the role of Executive Authority and Shareholder Representative, following the disbandment of the Department of Public Enterprises as part of a broader government reconfiguration. Prior to this, the Board had concluded the annual Shareholder's Compact with the former Shareholder Representative. The Compact outlines the Shareholder's strategic intent, key performance measures and indicators aligned with Transnet's strategy and Corporate Plan.

The Board continues to oversee the performance of the Company on the basis of this Compact, ensuring that strategic objectives are met through appropriate budget planning, resource allocation, and performance monitoring.

Governance structure



GOVERNANCE STRUCTURE CHANGES

Several material changes are underway in the Company's governance landscape. These are driven by government policy reforms and the structural adjustments required to implement them.

Transnet remains the sole shareholder of both Transnet International Holdings SOC Ltd and TNPA. Transnet International Holdings was incorporated on 29 August 2017 and remained dormant during the reporting period. TNPA is currently an operating division and is undergoing corporatisation, as provided for in the National Ports Act (No. 12 of 2005) and the Guarantee Framework Agreement with National Treasury and the Department of Transport.

In 2023, the Shareholder Representative appointed a transitional Board for TNPA. This Board is responsible for driving separate accountability and preparing the division for corporatisation. Although it does not constitute a board of directors under the Companies Act, it functions as a divisional board until the corporatisation process is complete. Once finalised, TNPA will become a wholly owned subsidiary with its own independent board.

In October 2024, Transnet established a new operating division, the Transnet Rail Infrastructure Manager (TRIM). This was done in line with the cabinet-approved White Paper on National Rail Policy. TRIM is intended to enable open, third-party access to the rail network, promote competition and improve overall network efficiency.

KEY CORPORATE GOVERNANCE LEGISLATION

The PFMA

The Company is classified as a major business entity as listed under Schedule 2 of the PFMA.

The PFMA designates the Board as the Company's Accounting Authority, outlining their fiduciary duties and responsibilities. The Board is responsible for ensuring compliance with the PFMA by establishing sound financial and risk management systems, overseeing corporate planning and budgeting processes as well as safeguarding Company assets. Additionally, the Board must ensure timely and accurate reporting to the Executive Authority, National Treasury and other regulatory bodies in line with applicable legislation and governance frameworks.

The Companies Act

The Company is established under the Companies Act and operates following its provisions. Among other requirements, the Company must annually complete and submit a compliance checklist to the Companies Intellectual and Property Commission (CIPC) to certify compliance with the mandatory requirements of the Companies Act. Following the enactment of the 2024 amendments to the Companies Act, the Company has initiated a process to review and, where necessary, revise its governance instruments of control to ensure full alignment with the updated legislative framework.

The PFMA, Companies Act and Protection of Personal Information Act, No 4 of 2013 (POPIA)

The Company must manage and align its information, data, and records management practices with the requirements of the PFMA, the Companies Act and POPIA. This ensures the security and proper management of information as a strategic asset of the Company while protecting personal information. Transnet maintains an information and records management function and portfolio to ensure data protection, effective document control, and the safeguarding of information assets, supported by regular monitoring and sustained operational effectiveness.

Application of King IV

The Company adopted the King IV principles to uphold its governance practices. As a result, the Company produces an Unabridged Governance Report that details its application of the recommended principles of King IV. This report highlights the Company's commitment to corporate governance integrity, transparency and ethical leadership.

BOARD OVERSIGHT ON ESG

The Board recognises the strategic importance of embedding ESG into the Company's operations. Oversight of ESG matters is delegated to the Remuneration, Social and Ethics Committee (REMSEC), where ESG is a standing agenda item. The Audit Committee ensures compliance with ESG reporting and disclosure requirements.

A detailed overview of ESG activities and performance is available on page 130 of this report.

CORPORATE GOVERNANCE INSTRUMENTS

The Memorandum of Incorporation (MOI)

Transnet's MOI clearly defines the rights, duties and responsibilities of the Shareholder, Board and Management. The MOI is currently under review to align with the amendments of the Companies Act.

Delegation of Authority (DOA) Policy and Framework

The Board approved the Company's DOA Policy and Framework, which delineates matters reserved for the Board, those delegated to Board committees, the Group Chief Executive, and Prescribed Officers. Notwithstanding the above, the ultimate accountability remains with the Board as the governing body responsible for the management of the Company. The DOA Policy and Framework is currently under review to ensure alignment with changes in the business.

Board and its Committees Charters

The Board approved the Charters in 2024/25FY. The charters outline the mandate granted to the Board and its Committees to establish and uphold effective governance. They primarily define the roles, responsibilities, authority, composition, and standard protocols for the Board and its Committees. The Charters are regularly reviewed to ensure alignment with regulatory requirements and business needs.

Board-approved policies and procedures

The Company's Board-approved policies and procedures are designed to foster an ethical culture, guide daily operations and decision-making, ensure compliance with relevant legislation and streamline internal processes to achieve business outcomes.

GOVERNANCE OVERVIEW continued

OUR BOARD

The Board, as the custodian of corporate governance, sets the tone for upholding the highest corporate governance standards. The Board actively collaborates with the Group Exco to promote a Group-wide effective governance culture that drives sustainable value and performance. It fulfills its fiduciary duties by steering long-term strategy and monitoring organisational outcomes to ensure alignment with governance standards.

Appointment of directors and Board composition

Board composition

The Shareholder Representative, in consultation with the Cabinet, appoints the Board of the Company. The Board comprises eleven members, including nine independent non-executive directors, one of whom is the Chairperson, and two executive directors. Each Board member brings a unique expertise and experience to ensure a diverse and broad perspective in carrying out its governance role and responsibilities objectively and effectively. The Board's gender representation is balanced, with seven females and five males.

Non-executive directors

- Dr AH Sangqu (Chairperson)
- Ms SRM Buthelezi
- Mr MAW Debel
- Mr BM Jiya
- Prof FS Mufamadi
- Ms LM Letsoalo
- Mr DD Patel
- Ms BG Sedupane
- Ms MP Zambane

Appointment of Ms. Khulekelwe Glynnis Mbonambi as Non-Executive Director

Effective 08 August 2025, Ms. Mbonambi joins the Board, bringing over 20 years of expertise in financial management, governance, risk oversight, and auditing. Her extensive experience across state-owned entities and government spheres is expected to significantly support the company's strategic direction and growth.

Executive directors

- Ms MJ Phillips (Group Chief Executive)
- Ms RNM Maphumulo (Group Chief Financial Officer)

Changes to Board composition

Mr CS Benjamin's term of office ended on 31 August 2024. Mr Benjamin was appointed for one year, effective 1 September 2023 to 31 August 2024.

The Board extends its appreciation to Mr Benjamin for his contribution during his tenure.

Prescribed Officers

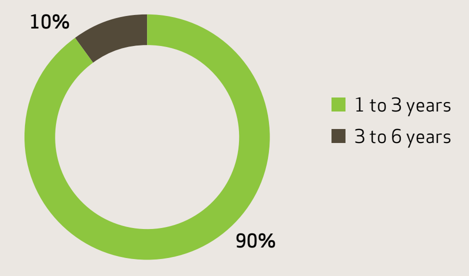
The Company has designated executives who are deemed to exercise or regularly participate in the executive control of the Company as its Prescribed Officers. A list of the Company's Prescribed Officers' profiles is on page 50 of this report.

Group Company Secretary

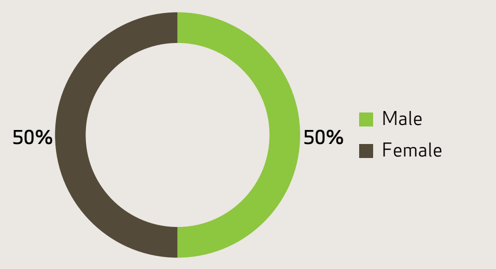
The appointment of the Group Company Secretary is a statutory requirement in terms of the Companies Act, with the incumbent, Ms S Bopape, appointed by the Board effective 1 April 2022. The role of the Group Company Secretary is pivotal in upholding sound corporate governance practices. The Group Company Secretary is not a director but is responsible for providing comprehensive guidance to the Board members on their collective and individual duties, responsibilities and authorities, among other crucial functions outlined in the Companies Act.

Non-executive directors' demographics

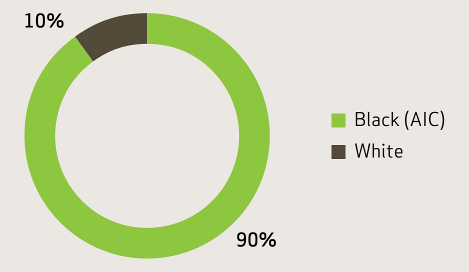
LENGTH OF TENURE



GENDER REPRESENTATION



RACE REPRESENTATION



THE BOARD COMMITTEES

The Board has established committees as provided for in the MOI to promote effective corporate governance. Committee Charters clearly define the responsibility and authority of each Committee. Delegating the Board's responsibilities to committees does not abdicate the Board's fiduciary duties.

Statutory Committees

- Audit Committee
- Remuneration, Social and Ethics Committee

The Shareholder Representative appoints the Audit Committee members and confirms the Remuneration, Social and Ethics Committee members at the AGM.

Non-Statutory Committees

- Corporate Governance and Nominations Committee
- Finance and Investment Committee
- Risk Committee

The Board appoints Committee members of Non-Statutory Committees on the recommendation of the Corporate Governance and Nominations Committee. Each Committee is chaired by an independent non-executive director who reports to the Board on its activities and makes recommendations to the Board for approval.

Establishment of the Business Performance Operations Committee

Following approval by the Shareholder Minister, the Board has established a Business Performance Operations Committee, effective 18 June 2025. This Committee has been constituted to provide strategic oversight and support aimed at enhancing the Company's operational efficiency and performance.

The primary mandate of the Committee is to drive continuous improvement in operational execution and ensure alignment with the Company's strategic objectives. In fulfilling this mandate, the Committee will be responsible for, among other things:

- Providing oversight of business performance across operational areas;
- Offering strategic guidance and support to Executive Management on key operational issues;
- Ensuring that operational decisions remain consistent with the long-term strategic direction of the Company;
- Promoting and embedding sustainability principles within all operational practices and decisions;
- Tracking and guiding the implementation of critical business initiatives to ensure effective execution and value delivery; and
- Facilitating the strategic integration of Information and Communication Technology (ICT) within operations to enhance efficiency and innovation.

The establishment of this Committee reflects the Board's commitment to strengthening performance through driving operational excellence across the Company to enhance sound governance.

Effective meetings

The Board and its committees meet at least four times a year and as and when required. The Group Company Secretary facilitates the meetings in line with the approved annual work plans and corporate calendar. Directors are encouraged to attend all meetings and effectively prepare for meetings to facilitate sound decision-making.

The decisions and resolutions of the Board and Committee meetings must be recorded, and minutes are tabled at the next meeting for approval.

During the current recovery phase, the Board had to meet more frequently to provide enhanced oversight and agile decision-making in response to evolving challenges and priorities.

Schedule of directors' attendance at Board and Committee meetings for the year ended 31 March 2025

	Board	Audit Committee	Corporate Governance and Nominations Committee	Finance and Investment Committee	Remuneration, Social and Ethics Committee	Risk Committee
Number of meetings held	17	10	7	10	9	4
Dr AH Sangqu	17	–	7	–	–	–
Ms MJ Phillips (GCE)	17	–	–	–	–	–
Ms RNM Maphumulo (GCFO)	11	–	–	–	–	–
Mr CS Benjamin	6	6	2	5	–	–
Ms SRM Buthelezi	10	8	–	1	–	2
Mr MAW Debel	16	9	–	10	–	4
Ms LM Letsoalo	16	2	2	8	9	4
Mr BM Jiya	15	2	–	8	9	–
Mr DD Patel	14	10	7	10	–	–
Prof FS Mufamadi	13	–	7	–	9	3
Ms BG Sedupane	16	–	6	3	9	4
MP Zambane	11	9	7	–	9	4

The Unabridged Governance Report, which the Company prepares as part of its annual reporting, contains more details on Transnet's corporate governance affairs.

GOVERNANCE OVERVIEW continued

KEY CHALLENGES AND FOCUS AREAS

Board

The Board's primary responsibility is to ensure the sustainable and successful continuation of business activities by providing strategic direction to the Company. The Board has effectively executed its mandate and fulfilled its fiduciary responsibilities over the past year.

KEY CHALLENGES THE BOARD CONSIDERED	FOCUS AREAS FOR 2025/26FY
In 2024/25FY, the Company continued to implement its R4G Strategy, which is focused on stabilising operations, transforming the business model and enabling long-term growth. The strategy builds on the progress achieved through the Tactical Recovery Plan, which ran for 18 months and concluded at the end of 2024/25FY. The Board oversees the execution of the strategy and monitors Transnet's achievement of operational, commercial and statutory objectives. Transnet faces operational, financial and governance challenges that significantly impact its performance and the broader economy. These include: • Operational performance and infrastructure constraints, including declining freight volumes. Transnet's rail freight volumes fell short of the 170 million tonne target. This shortfall is attributed to equipment shortages, maintenance backlogs, infrastructure vandalism and cable theft; • Transnet's financial sustainability continues to be affected by the R7,3 billion loss in 2023/24FY. This loss was deepened by the litigation related to the Natref fuel pipeline; • The Company's high debt levels raise concerns about its financial sustainability. S&P has placed Transnet on credit watch, citing insufficient cash flow improvements and elevated debt levels as key risks; • Organisational inertia, affecting the implementation of transformation programmes; and • Adverse weather conditions exacerbated by climate change.	• Overseeing operational performance and the implementation of the Tactical Recovery Plan to reverse declining volumes and restore revenue growth across core corridors and services; • Strengthening Shareholder Compact targets to ensure measurable, coherent and prioritised objectives; • Addressing persistent underperformance in safety and infrastructure security to reduce theft, vandalism and derailments; • Overcoming organisational inertia by streamlining decision-making, driving accountability, and overseeing the implementation of the R4G strategy; • Accelerating sectoral transformation and corporate restructuring, while embedding a high-performance culture, enforcing ethical leadership, and deepening stakeholder trust; • Advancing the corporatisation of TNPA while ensuring regulatory compliance, operational independence and improved port efficiency; • Attracting private investment, including requesting proposals for private-sector rail investment to rehabilitate key export corridors; • Enhancing environmental sustainability; • Responding to evolving stakeholder expectations, including those of customers, regulators, employees and communities; • Overseeing digital transformation, including accelerating the adoption of digital tools, automation, and predictive maintenance to modernise operations and enable data-driven decision-making; • Strengthening financial controls, improving liquidity, and driving cost-efficiency measures to ensure long-term viability; and • Recognising digital transformation as a strategic priority, the Company launched the "Single Source of the Truth" initiative to enhance data integrity and streamline reporting through automation.

Audit Committee

The Audit Committee is a statutory Board committee established in terms of the PFMA and the Companies Act, 2008. Its primary responsibility is to oversee financial reporting, internal controls, internal and external audit functions, and ensure compliance with regulatory requirements.

KEY CHALLENGES THE BOARD CONSIDERED	FOCUS AREAS FOR 2025/26FY
• PFMA matters that could have led to qualified audits in previous years; • Collaborating with stakeholders to address the operational challenges impacting Transnet's revenue and cash flow; • The effectiveness of internal audit to enable external audit reliance; • The need to improve the control environment to meet required standards; • Historical irregular expenditure that National Treasury had not condoned; • Managing Audit Committee composition and expertise; • Issues related to waiver and covenant breaches; and • Addressed concerns over the lack of Chartered Accountant representation by appointing an Independent Audit Advisor to bolster technical assurance.	• Ensuring adequate funding for operational turnaround and ongoing investments; • Monitoring operational performance and enhancing revenue streams to support long-term sustainability; • Strengthening the internal audit to achieve external audit reliance; • Enhancing oversight of the audit function to strengthen the control environment; • Reducing irregular expenditure and implementing preventative measures; • Enhancing efforts in debt collection; • Improving financial management and reporting aligned with ESG criteria; • Addressing cash flow management and assessing Transnet's going concern status; and • Monitoring internal procedures and processes to ensure they align with best practices.

Remuneration, Social and Ethics Committee

The Committee is a statutory committee that supports the Board on responsible corporate citizenship, ethical leadership and safety and security-related matters. The Committee is also responsible for ESG, human capital-related matters and succession planning for extended Exco members, except Executive Directors.

KEY CHALLENGES THE BOARD CONSIDERED	FOCUS AREAS FOR 2025/26FY
• Employee and public safety concerns, particularly incidents leading to fatalities; • Restructuring the business effectively amidst ongoing reforms and industry changes; • The ESG programme and steps to ensure robust governance of ESG; • The implementation of consequence management measures under the PFMA; and • Updates to policies and practices.	• Enhancing ESG-related initiatives to promote sustainable practices and ethical governance; • Championing a comprehensive Company-wide safety project to enhance workplace safety; • Strengthening the ethics programme as an integral part of the Company's culture journey; • Overseeing the organisational restructuring in line with regulatory reforms to enhance efficiency and adaptability; and • Ensuring a stable labour environment despite the ongoing reforms through effective communication and engagement strategies; and • Providing oversight of the Organisational Review Project while advancing leadership development and succession planning to strengthen strategic positioning, governance and operational resilience.

GOVERNANCE OVERVIEW continued

Corporate Governance and Nominations Committee

The Committee provides corporate governance support to the Board and its committees. It develops and maintains the Company's corporate governance policies, frameworks and processes and ensures that the Board's composition enables it to fulfil its overall governance mandate.

KEY CHALLENGES THE BOARD CONSIDERED	FOCUS AREAS FOR 2025/26FY
• Execution delays as an ongoing challenge in the Tactical Recovery Plan; • The need to harmonise targets to improve organisational focus and performance accountability against the Shareholder Compact. Revisions resulting from engagements with the Department of Transport resulted in a final compact not being in place; • Delays in the TNPA Corporatisation process; • The need for greater clarity on the role and mandates of Board Committees as part of broader governance reform; • Uncertainty regarding the National State Enterprises Bill; • Outdated policies and governance instruments that require comprehensive review and alignment with current legislative and regulatory frameworks; and • Achieving full alignment between the final Shareholder's Compacts and the Corporate Plan.	• Enhancing alignment of governance instruments and strengthening the integration of the Shareholder Compact, Corporate Plan, financial plan, and performance agreements to reinforce strategic coherence and delivery focus; • Optimising governance architecture and processes to support streamlined decision-making, reduce duplication, and improve oversight agility; • Conducting a comprehensive policy and framework review to ensure consistency with evolving legislation, business needs and best practice; • Implementing robust compliance monitoring and enforcement; • Overseeing the corporatisation of TNPA and establishment of TRIM with a focus on continuity and ensuring that the process is aligned with legal frameworks and stakeholder interests; • Implementing stronger compliance monitoring and enforcement mechanisms, including consequence management, to foster a culture of discipline and adherence to legal and governance standards; and • Strengthening transparency and accountability mechanisms, with a focus on executing Board decisions and implementing policies effectively.

Finance and Investment Committee

The Committee is tasked with advancing and upholding the Company's financial and investment policies and processes. The Committee considers strategic growth investments and partnerships and recommends divestments where appropriate.

KEY CHALLENGES THE BOARD CONSIDERED	FOCUS AREAS FOR 2025/26FY
• Management of debt maturities and refinancing obligations and the short-term and long-term debt outlook; • The need for procurement reform to align with evolving business needs and best practices; • PSP involvement in significant projects and targeted business areas to enhance project delivery and efficiency; • Investment risk and return expectations; • Investments alignment with organisational financial goals; and • Transnet's cash flow and liquidity requirements.	• Enhancing revenue growth through diversification strategies and market expansion initiatives; • Refocusing and improving capital expenditure allocations to prioritise strategic investments and operational efficiency; • Overseeing the facilitation of strategic partnerships to optimise funding approaches that support capital projects and advance the Company's growth agenda; • Overseeing the successful execution of major projects and funding initiatives to enhance financial sustainability; • Driving procurement digitisation and enhancing capabilities to enable agile and efficient procurement processes; • Optimising the balance sheet to meet funding requirements and strengthen financial resilience; • Ensuring compliance with the Government Guarantee Framework Agreement to uphold financial integrity and regulatory obligations; and • Monitoring investment performance and strengthening governance over contracts and capital projects to ensure alignment with organisational goals, reduce execution risks and enhance value delivery.

Risk Committee

The Risk Committee provides risk management support to the Board by overseeing the development, assessment, and review of risk strategies and policies.

KEY CHALLENGES THE BOARD CONSIDERED	FOCUS AREAS FOR 2025/26FY
• A rise in security-related incidents, including cable theft, infrastructure vandalism, and threats to personnel, which severely impacted operational continuity and safety; • Financial sustainability and liquidity risks related to the high debt burden; • Governance and institutional risks related to Board and Committee vacancies; • Legal and compliance risks, including implications of ongoing litigation, notably the Natref claim, and the continued exposure to irregular expenditure due to non-compliant procurement practices; • Implications from the evolving regulatory environment on strategic and regulatory risks; and • The underachievement of operational targets and persistent maintenance backlogs which increased performance and asset reliability risks. • Insufficient alignment between risk management and other assurance partners; • ICT governance and security vulnerabilities and associated risk exposure; and • Insufficient monitoring of credit rating related risks.	• Working closely with Management to ensure risks were adequately identified, assessed, and mitigated, while driving improvements in accountability, compliance, and risk governance; • Overseeing coordinated security interventions and security risk mitigation; • Overseeing credit rating risks, and tracking management's initiatives to restore and maintain the entity's credit profile; • Reviewing interventions to improve asset reliability and operational output; • Elevating safety reporting and declare a zero tolerance to safety-violations; • Identifying and monitoring risks linked to skills gaps to ensure proactive and effective mitigation; • Institutionalising structured operational risk reporting of losses and control failures, with timely mitigation; • Enhancing risk management's role as a second line of defence and aligning with combined assurance partners; • Monitoring strategic reform risks related to TNPA corporatisation and TRIM; • Strengthening ICT governance and frameworks to support digital transformation and operational reliability; • Overseeing information and data security strategies to mitigate cyber threats and ensure compliance with data protection regulations; and • Overseeing litigation, regulatory compliance, and preventing irregular expenditure while strengthening legal risk management and internal controls.

REMUNERATION **REPORT**

Remuneration is a crucial tool to support Transnet's strategic goals, encourage appropriate behaviour and strengthen corporate culture. Transnet's remuneration strategy is designed to enhance the employee value proposition to attract, maintain and motivate its employees.

STRATEGIC INTENT

Strategic of Transnet's Remuneration framework:

- Compensate employees according to seniority and job level;
- Attract and retain talented individuals;
- Reward superior performance and promote excellence;
- Ensure that remuneration policies and practices are equitable and fair;
- Ensure that remuneration is market-related;
- A team-based reward approach in terms of variable pay, driving cohesiveness and alignment across the Operating Divisions and Group;
- Encourage and reward behaviours aligned with Transnet values;
- Manage and facilitate employee performance based on results;
- Ensure fit-for-purpose differentiation in remuneration practices to cater to uniqueness in employment category, environment and circumstances; and
- Safeguard Transnet's financial position through appropriate cost control measures and affordability guidelines.

STRATEGIC PILLARS

Elements of the remuneration strategy

- Guaranteed pay;
- Variable pay, with fit-for-purpose short term incentive schemes;
- Recognition schemes;
- Job evaluation and job-sizing, which inform pay scales;
- Internal and external remuneration benchmarking;
- Collective bargaining agreements with recognised labour unions;
- External market movements and economic conditions influence the annual increase process;
- Alignment with the DoT remuneration guide;
- Other benefits, including leave, retirement fund, medical subsidy, funeral fund and housing allowance;
- A reliable system to manage all reward, benefits and payroll-related processes; and
- Relevant South African labour legislation impacting remuneration and benefits.

Objectives of the Transnet Management Remuneration Policy

- Provide the principles and guidelines for management remuneration;
- Ensure fairness and consistency in the application of the remuneration-related practices; and
- Align with Shareholder guidelines on remuneration practices for management employees.

REMUNERATION ELEMENTS PER EMPLOYEE CATEGORY

The RemSEC regularly reviews the design and management of remuneration practices, including guaranteed pay, incentive schemes, and benefits to ensure that it remains relevant and supports the strategic direction of Transnet.

While the conditions of employment and remuneration principles for the management category are standardised, for bargaining unit employees, various collective and variation agreements across the different Operating Divisions govern these. Transnet has begun to standardise employment conditions for bargaining unit employees. This is subject to negotiation and will involve time and cost.

The tables below depict the various remuneration elements linked to employment categories.

Reward element	Management category	First-line management, specialists, technicians	Junior employees
Guaranteed pay	• Total cost to company (TCC), inclusive of medical aid, pension fund and UIF contributions • Option to structure pensionable ratio (60/40, 70/30 or 80/20) • 13th cheque can be structured as part of the package • Option to structure travel allowance if frequent business travel is conducted • Annual salary increases based on mandate from RemSEC	• Cost to Company (CTC) package, inclusive of pension fund and UIF contributions, but excludes medical subsidy • Structuring of 13th cheque as part of the package is mandatory • Increases are negotiated with recognised labour	• Basic salary • Service bonus (13th cheque) • Increases are negotiated with recognised labour
Other benefits	• Personal protection based on a threat and risk assessment • Funeral fund membership unless employee deselects, premium deducted from monthly salary • Leave as per policy • Employee wellness Programmes • Relocation and Remote area assistance allowances as per policy	• Medical subsidy if the employee is permanent and the principal member of a recognised medical scheme • Funeral benefit (premium funded by Transnet) • Leave as per the applicable variation agreement • Employee wellness programmes • Relocation and remote area assistance allowances as per policy	• Employer portion of pension fund contributions, inclusive of risk and administration expenses • Housing allowance • Medical subsidy if the employee is permanent and a member of a recognised medical scheme • Funeral benefit (premium funded by Transnet) • Leave as per applicable variation agreement • Employee wellness programmes • Relocation and remote area assistance allowances as per policy
Circumstantial allowances	• Not applicable	• Overtime • Standby allowance • Night shift allowance • Call-out allowance	• Overtime • Standby allowance • Night shift allowance • Call-out allowance
Tools of trade	• Cellular phone • Computer/laptop	• Cellular phone (if job requirement) • Computer (if job requirement)	• Cellular phone (if job requirement) • Computer (if job requirement)

GOVERNANCE OVERVIEW continued

Reward element	Management category	First-line management, specialists, technicians	Junior employees
Short-Term Incentive (STI) Scheme	• Short-Term Management Incentive Scheme developed to support the objectives of the Transnet Recovery Plan	• Unique fit-for-purpose productivity incentive schemes designed for each of the Operating Divisions • Support and reinforce the desired behaviour to ensure a reward for the achievement of business objectives • Increased line of sight • Payments made monthly/quarterly	
Recognition programmes	• All eligible employees • Promote and reward behaviours aligned with Transnet values • Recognition of long service • Support a culture where success is celebrated, and employees feel valued for their contributions to the business		
Employee wellbeing	• Employee wellbeing services and programmes are available to all employees, executives and non-executive directors		

REVIEW OF REMUNERATION

Remuneration increases occur under the following circumstances:

- Annual remuneration review process;
- In the event of a promotion;
- Competency increases and pay progression;
- When there is a need to make a counter-offer to an employee; and
- On an ad-hoc case-by-case basis, informed by business requirements and talent retention, but subject to strict governance rules.

Annual increases management category employees consider:

- Retention, cost of replacement and time to make business impact;
- The national economic and business outlook;
- External market predictions and history of market movements and increases granted;
- National and internal employee turnover rates;
- Level of settlement reached for bargaining unit employees;
- Internal and external parity, market benchmarks based on the market median; and
- Affordability.

Remuneration benchmarking

Transnet uses a combination of survey houses and methodologies for benchmarking to ensure that the remuneration stays relevant. The benchmarking methodology for executives considers the Operating Division (total headcount, assets, turnover, employment costs), reporting lines, and the specific position. The benchmarking methodology for other management levels is completed with comparisons with graded information per level and function.

Annual increases

- Annual salary increase mandates are approved by:
- The Shareholder Minister at the AGM for Executive Directors and Prescribed Officers;
- The RemSEC for employees in the management category; and
- The RemSEC for bargaining unit employees and then negotiated in the Transnet Bargaining Council.

The annual increase for employees in the management category was 5,5% effective from 1 April 2024. The annual increases for bargaining unit employees are based on wage negotiations with the recognised labour unions. Transnet entered a three-year wage agreement in 2022, which expired in March 2025. Bargaining unit employees received an increase of 6,0%, effective 1 April 2024.

The wage negotiations was successfully concluded on 12 June 2025 with the signing of a wage agreement for the period 1 April 2025 to 31 March 2028.

INCENTIVE SCHEMES

Short-term incentive for management category employees

Transnet developed a recovery incentive scheme for management employees to support the achievement of the Tactical Recovery Plan with specific targets for 2024/25FY. Performance was measured continuously to provide progress against set objectives, measures and targets. These included an overall Company net profit target, a net profit target and safety and employee attendance performance.

Unfortunately, the management category did not qualify for an incentive payment due to Transnet's financial and operational performance in 2024/25FY. This incentive scheme will be revised in 2025/26FY to support the R4G Strategy.

Productivity incentive scheme for bargaining unit employees

We continued to build on the fit-for-purpose productivity incentives for bargaining unit employees in the respective Operating Divisions. These uniquely tailored schemes have been in operation since April 2022, but refinements to the design principles are considered annually. Bargaining unit employees are not eligible for any other incentive payments.

In 2024/25FY, the RemSEC approved refinements on the productivity incentive schemes, specifically regarding Freight Rail, TPT, TNPA and Pipelines. Bargaining unit employees earn incentives if the specific targets in the Operating Divisions are exceeded. These incentive payments are funded from the additional revenue created when targets are exceeded. This positively impacted performance in 2024/25FY. The following Operating Divisions paid productivity incentives to their bargaining unit employees:

- TPT;
- TNPA;
- Pipelines; and
- Transnet Freight Rail (container corridor).

Fee structure and payments for non-executive directors

The Shareholder Representative appoints non-executive directors for a three-year term. However, the MOI requires that the non-executive directors be submitted for re-election for each of the three years at the Company's AGM. Among the issues the Shareholder Representative considers before re-election is the individual non-executive director's performance.

The non-executive director's fees compensate Board members for Board-related duties and are calculated as 8% of the median remuneration of the Chief Financial Officer.

The annual corporate calendar is approved by the Board and agreed with the Shareholder Minister each year. Should the total number of scheduled Board and Committee meetings for the financial period exceed 20% of what was specified in the approved annual corporate calendar, permission must be sought from the Minister.

The fee structure for the Non-Executive Directors consists of two components: an annual Board member fee and a meeting attendance fee. The Board member fees are paid for time spent on preparation for meetings, research and other official Board.

The annual Board Member fee is based on the attendance rate of the approved corporate calendar's Board and related meetings. It becomes payable quarterly once the member has attended at least 50% of the meetings scheduled for the relevant quarter. If more than 50% of the approved Board-related meetings were attended in the quarter, the Board member fee is paid pro rata based on the number of meetings attended.

Meeting fees are paid for every meeting attended and become payable quarterly as per the pre-approved meetings stated in the corporate calendar. The meeting fees are pro-rata based on the number of hours as per the pre-approved corporate calendar to a maximum of eight hours per day.

The Non-Executive Directors of Transnet, during the 2024/25 financial period, bestowed their personal time without compensation in steering the company in the right policy direction in respect of critically sensitive and strategically important matters.

The current fee structure, as implemented in alignment with the 2018 DPE Remuneration Guideline, is depicted in the table below.

FEE COMPONENT	FEES PER ANNUM (R)
Board retainer fees	Paid quarterly
Chairperson Board fee	1 116 872
Member Board fee	446 749
Per meeting fee (based on the number of meetings attended)	Paid quarterly
Chair meeting fee	86 601
Member meeting fee	57 734

Payments to non-executive directors

The non-executive directors did not receive an increase in the previous financial year.

Payments to the non-executive directors for 2024/25FY:

Member	Total 2024/25FY R'000	Total 2023/24FY R'000
PS Molefe (Chairperson)[2]	–	731
DC Matshoga[2]	–	196
UN Fikelepi[2]	–	252
FS Mufamadi (Prof)	1 327	1 240
AP Ramabulana[2]	–	224
ME Letlape[2]	–	224
AH Sangqu (Dr) (Chairperson)[5]	1 947	2 195
BG Sedupane[3]	1 307	1 497
BM Jiya[3]	1 235	1 473
C Benjamin[1,4]	746	1 237
DD Patel[3]	1 490	1 628
LM Letsoalo[3]	1 499	1 548
MAW Debel[3]	1 321	1 655
MP Zambane[3]	1 595	1 729
SRM Buthelezi[3]	1 044	1 309
Total	**13 511**	17 138

1 Terminated from the Transnet Board during 2024/25FY.
2 Retired in previous financial year due to Director rotation.
3 Appointed as a non-executive director on 12 July 2023.
4 Appointed as a non-executive director on 1 September 2023.
5 Appointed as Chairperson of the Board on 12 July 2023.

Remuneration of Executive Directors and Prescribed Officers

Leadership is critical in achieving outstanding, sustainable stakeholder value. Transnet designed a new remuneration policy for executive management to drive the implementation of the R4G Strategy and Tactical Recovery Plan and retain leadership talent. This is also aligned with the DPE's remuneration guide.

Executive Directors and Prescribed Officers did not receive an increase in the previous financial year. The appointment of the Chief Operating Officer in July 2024 resulted in a change in the composition of the Exco. The Chief Executives of the Operating Divisions no longer form part of the Exco, although they remain Prescribed Officers of Transnet.

Member	Salary R'000	Retirement benefit fund contribution R'000	UIF contribution R'000	Other payments R'000	Total 2025 R'000	Total 2024 R'000
PPJ Derby[1,5]	–	–	–	–	–	16 882
MJ Phillips[1,12]	7 933	565	2	1 417	9 917	5 575
P Munyai	4 174	324	2	–	4 500	4 500
V Nemukula	4 120	378	2	–	4 500	4 500
N Dlamini[1,5]	–	–	–	–	–	3 670
A Shaw	4 731	367	2	–	5 100	5 100
S Coetzee	5 398	–	2	–	5 400	5 400
B Kani	3 803	295	2	–	4 100	4 100
S Mzimela[5]	–	–	–	–	–	12 779
R Mills[11]	1 161	113	1	2 001	3 276	5 100
M Silinga[6]	5 375	523	2	–	5 900	5 900
K Phahlamohlaka	4 267	331	2	–	4 600	4 600
IK Matsheka	4 731	367	2	–	5 100	5 100
S Khan	3 937	361	2	–	4 300	4 300
DJ Mdaki	4 646	452	2	–	5 100	5 100
HS Chetty[13]	1 016	108	1	–	1 125	4 500
A Pillay	4 501	349	2	–	4 853	4 852
HT Makhathini[3,5]	–	–	–	–	–	1 731
RL Baatjies[8,10]	5 071	426	2	–	5 499	1 486
MP Difeto[7]	3 766	268	2	303	4 339	716
SW Khati[4,10]	4 050	289	2	38	4 379	1 275
LS Letsoalo[4]	4 873	–	2	–	4 875	–
BS Mabunda[8,10]	3 141	244	2	201	3 588	–
RNM Maphumulo[1,2]	4 608	490	2	–	5 100	–
M Motlohi[7,10]	1 680	141	1	86	1 908	–
Total	86 982	6 391	39	4 086	97 458	107 166

1 Group executives who are members of the Board.
2 Appointed as a Board member.
3 Acted as a Board member.
4 Appointed as an Exco member during the financial year.
5 Terminated during the previous financial year.
6 Exco member suspended during the previous financial year.
7 Acted as Exco member during the financial year.
8 Acted as Exco member during the previous financial year.
9 Appointed as Exco member during the previous financial year.
10 Appointed as Prescribed Officer during the financial year.
11 Terminated during the financial year.
12 Relocation-associated payments in accordance with the Transnet Relocation Policy.
13 Resigned during the financial year.

ETHICAL LEADERSHIP AND INTEGRITY MANAGEMENT

Transnet is committed to ethical leadership and robust governance to prevent fraud and corruption. In 2024/25FY, the Group Investigations function established the Integrity Management Unit (2024/25FY-2026/27FY), recognising fraud risk as a significant threat to the achievement of our strategic objectives.

The unit focuses on:

- Ethics and governance;
- Business intelligence and machine learning for procurement and payroll surveillance;
- Investigations; and
- Fraud prevention and detection through awareness and training.

Key achievements during 2024/25FY:

- Strengthened collaboration with law enforcement, notably the Hawks (DPCI), enhancing criminal investigations;
- Secured a R31,4 million recovery through the first SIU Tribunal-endorsed settlement;
- Launched a new whistleblower hotline and case management system (April 2024), offering:
  - Full audit trails and statistical tracking;
  - Real-time feedback to whistleblowers, aligned with the Protected Disclosures Act; and
  - Case tracking tools with deadline reminders.

Investigation outcomes

Metric	2024/25FY	2023/24FY
Hotline reports	341	169
Within mandate	158	95
Founded cases (full investigation)	26	16
Total investigations in progress	221	156

- 58% of preliminary cases advanced to full investigation;
- 43% of full investigations were confirmed as founded; and
- High caseloads per investigator will be addressed through prioritisation and onboarding of a forensic panel.

Whistleblower Policy

Transnet's Whistleblower Policy promotes a culture of openness and accountability by providing clear guidelines for reporting unethical conduct. It ensures that employees can report misconduct confidentially and without fear of retaliation or negative consequences. The policy is designed to protect whistleblowers and uphold integrity across the organisation.

Founded cases by category

A total of 26 founded cases were confirmed through full investigations, broken down as follows:

- Fraud: 16 cases (61%);
- Corruption: 6 cases (23%);
- Theft: 2 cases (8%); and
- Employment Relations Violations: 2 cases (8%).

Priorities for 2025/26FY:

- Launch a real-time fraud risk dashboard (July 2025) to enhance early-warning analytics and consequence management;
- Clear backlog in the allegations database;
- Improve case screening through analytics to validate allegations before formal allocation; and
- Reduce case turnaround times, currently averaging 77 days (target: 60 days), by onboarding a forensic panel to boost capacity.

Assurance and oversight

Zero tolerance to fraud and corruption

Transnet upholds a strict zero-tolerance policy toward unethical behaviour, including fraud, corruption, and economic crimes. The organisation is committed to conducting all business dealings with professionalism, fairness, and integrity.

All hotline and investigation data are reconciled monthly via the Case Management System, with quarterly reports submitted to REMSEC and periodic audits conducted by the Auditor-General to ensure data integrity and oversight.

SECURITY MATTERS

Theft and vandalism incidents affect Transnet's bottom line and undermine overall performance.

OUR PHYSICAL SECURITY PERFORMANCE ACROSS ODs

OD	2024/25FY	2023/24FY	2022/23FY	% change
TFR (Total security incidents)	**5 967**	7 725	7 315	(23)
TPL (Fuel theft incidents)	**13**	49	98	(73)
TPT	**35**	85	91	(59)
TNPA	**77**	50	81	54
TE	**217**	260	234	(17)
TPT	**36**	65	27	(45)
Total	**6 345**	8 234	7 846	(23)

In 2024/25FY, Transnet recorded 6 345 security incidents, a 23% year-on-year decline (2023/24FY: 8 234). Freight Rail accounts for more than 90% of the incidents reported. Most incidents occur in Gauteng, Mpumalanga, and KwaZulu-Natal, primarily along the North, Container and Central corridors. The Central Corridor accounts for the highest revenue losses. Copper cable theft is the most common crime affecting the rail network, and this has escalated due to the high value of copper. Security incidents sometimes perpetrated by inhabitants adjacent to Transnet's servitudes, often involve the destruction of infrastructure, including substations, which can cause fires and hazardous material leaks, leading to environmental damage. Favourably, fuel theft at Pipelines has notably reduced by an impressive 73%. The situation will continue to be closely monitored as the incidents erode business performance.

Key progress made includes:

- Enhanced outsourced security capabilities through the outcomes-based security (OBS) solution;
- Commissioned a security threat and risk assessment tool to ensure a standardised approach to threat and risk assessments;
- Commissioned an Incident Management Application (SIMA) to enhance data analytics capability and improve security reporting and investigations. SIMA is operational across all ODs;
- Completed the Security Information Management Standard Operating Procedures for all Operating Divisions;
- The Physical Security Strategy realignment and reprioritisation was completed and will be implemented over the next three years (2025/26FY to 2027/28FY); and
- The Information Classification Framework and data loss protection tool were developed and implemented in priority departments.

SECURITY GOVERNANCE AND RISK MANAGEMENT

The Group Security department holds monthly governance meetings with the Operating Divisions' security heads, while monthly MANCO meetings are held with the Group security department specialists to discuss security issues.

The following oversight structures and portfolios oversee the Group Security department's work: Board Risk Committee (Quarterly), Risk Committee (Monthly), Board Performance Review (Monthly), Group Chief Operations Officer (Monthly) and the Performance Information Forum (Monthly). Security risks are identified, managed, tracked and mitigated through ERM risk registers.

SECURITY VETTING PERFORMANCE

Collaborating with the State Security Agency, the vetting function conducts personnel suitability checks, company screening and security vetting. This fosters an ethical workforce to mitigate security risks and avoid reputational and financial harm. Transnet had a 68% compliance rating with its security vetting plan. This includes 100% vetting completed for the Board. There were 350 security clearances issued and one denial over the priority groups for 2024/25FY.

LOOKING AHEAD

- Focusing on investigations and operational intelligence capabilities to reduce tampering, damage to and theft of essential infrastructure;
- Supporting law enforcement to combat syndicated crime;
- Partnering with the South African Police Service as per the Memorandum of Understanding signed in September 2024;
- Participating in the NLCC Security Workstream to reinforce security activities.

Going forward, we must shift focus from operational recovery to transformation and long-term, sustainable growth. This is a shift in strategy and mindset, one that places our customers, partners and communities at the heart of everything we do.

GCE's REVIEW

The 2025 financial year unfolded during a period of cautious optimism and structural change in South Africa's economic and policy landscape. While the economy faces headwinds, including global uncertainty and domestic infrastructure constraints, there are encouraging signs of resilience and reform.

MILESTONE REGULATORY REFORM DEVELOPMENTS

Transnet continues to play a pivotal role in shaping the future of South Africa's logistics sector. In 2025, we made steady progress in aligning with key regulatory reforms that are modernising our operating model, improving transparency, and positioning the business to better meet the evolving needs of our customers and the broader economy. These reforms are not only unlocking operational efficiencies but also laying the groundwork for a more competitive and inclusive logistics system.

The corporatisation of the TNPA remains on track. This transition will enhance operational independence and support more focused investment in port infrastructure.

The establishment of the TRIM marks a pivotal milestone in the liberalisation of South Africa's rail sector. This structural reform, enabled by the National Rail Policy and the Economic Regulation of Transport Act (2024), is designed to modernise the freight rail system by separating infrastructure management from train operations.

Under this new model:

- **TRIM** manages, maintains and develops the national freight rail infrastructure. Its mandate includes ensuring network availability and reliability, allocating access slots, collecting access fees, and engaging with the Transport Economic Regulator (TER) to ensure compliance and transparency; and
- **Freight Rail,** now a standalone train operating company (TOC), focuses on delivering freight services, managing rolling stock and competing for access to the national network alongside future private operators.

This separation addresses long-standing inefficiencies in the vertically integrated model, which limited competition, constrained investment and created barriers to innovation. By establishing TRIM as a neutral infrastructure manager, South Africa is creating a level playing field for all licensed operators, enabling fair access and fostering a more dynamic and customer-focused rail environment.

The value proposition of this reform is clear:

- It promotes competition, which drives service quality and innovation;
- It enables targeted investment in infrastructure, supported by access fees and public funding;
- It enhances transparency and regulatory oversight; and
- It positions South Africa's rail system to better support industrial growth, reduce logistics costs, and shift freight from road to rail.

This is a bold step toward a more open, efficient, and future-ready rail system better aligned with the customer needs and the broader economy. The TRIM has begun implementing third-party access agreements, enabling licensed operators to use the national rail network. We welcome the appointment of the TRIM Chief Executive, Moshe Motlohi, and wish him well in his tenure.

OUR PERFORMANCE IN CONTEXT

While challenges remain, we are confident that our financial discipline, targeted investments, and collaborative partnerships will return Transnet to profitability in the next financial year.

This financial year, Freight Rail moved 160,1mt of goods through our rail network, up from the 151,7mt in 2024. We have seen a number of performance records being broken in the ports, a standout example of what can be achieved through focused execution is the record-breaking performance at the Durban Multi-Purpose Terminal, which exceeded 200 000 TEUs. This improvement is a direct result of a multi-faceted strategic approach to restore operational efficiency, financial sustainability and long-term competitiveness.

We increased the availability and reliability of rolling stock, started addressing the maintenance backlog across the rail network and enhanced port operations. Customer collaboration was key in securing critical spares and unlocking shared value. We streamlined procurement processes, strengthened stakeholder engagement and attracted PSPs to support our recovery. The Government's financial guarantees enabled us to meet immediate debt obligations and stabilise operations.

Michelle Phillips
Group Chief Executive

HIGHLIGHTS

Rail volumes
160,1 mt
(2024: 151,7mt)

Container volumes
4 092 TEUs
(2024: 4 152 TEUs)

Petroleum volumes
13 372 million litres
(2024: 15 190 million litres)

Our financial results reflect a meaningful turnaround, underscoring the impact of the Tactical Recovery Plan's focused operational and financial recovery efforts. We reduced net operating expenses to R52,1 billion (2024: R54,7 billion), demonstrating disciplined cost management without compromising growth. EBITDA rose to R30,6 billion, up from R22,0 billion, showing stronger financial health and improved operational efficiency. Capital expenditure increased from R16,7 billion to R24,0 billion, reaffirming our commitment to long-term investment in infrastructure, asset renewal and operational modernisation.

OPERATIONAL RECOVERY AND STRATEGIC EXECUTION

Our operational performance showed clear and encouraging signs of recovery, underscoring the resilience of our teams and the effectiveness of our Tactical Recovery Plan.

Across our Operating Divisions, we see the early fruits of our investments, reforms and renewed focus on service excellence.

Freight Rail

Freight Rail moved 160,1mt up from 151,7mt in the prior year. This growth, though modest, is a signal of our ability to overcome persistent challenges such as locomotive availability, infrastructure constraints, and security incidents. It reflects the dedication of our teams and the success of targeted interventions to improve network reliability, asset utilisation, and customer responsiveness.

Port Terminals

TPT invested significantly in critical equipment to reduce backlogs and improve terminal efficiency. Container volumes declined by 1,5% to 4 092 thousand TEUs, largely due to global trade headwinds and temporary operational disruptions. Importantly, the groundwork laid, which includes onboarding new equipment, improved maintenance regimes and enhanced workforce training, positions us for a strong rebound in 2025/26FY. We are committed to restoring our ports to world-class standards and ensuring our customers experience faster, more predictable, and more reliable service.

GCE'S REVIEW continued

Pipelines

Pipelines recorded a 12% decline in petroleum volumes to 13 372 million litres (2024: 15 190 million litres). However, this was offset by a remarkable 73% reduction in fuel theft incidents. This reflects the success of our integrated security strategy, including technology upgrades, community partnerships and law enforcement collaboration. We also signed a landmark terminal operator agreement at the Port of Richards Bay, and began repurposing the Lilly Pipeline for future gas transmission. These developments lay the foundation for a more diversified and resilient energy logistics portfolio, with the potential to introduce gas volumes in 2027/28FY.

National Ports Authority

TNPA has made significant strides in improving port efficiency. For the first time in years, vessels are now berthing on arrival across all major ports, which is a testament to improved marine service planning, infrastructure availability and operational coordination. We are also proud of the increased visibility of women in the maritime sector, reflecting our commitment to transformation and inclusion in traditionally male-dominated industries.

Engineering

Engineering delivered a standout performance, doubling its locomotive production from 22 to 43 units. This demonstrates the growing strength of our manufacturing and maintenance capabilities. We have issued a formal request for qualifications to identify a strategic partner to establish a rolling stock leasing company (LeaseCo). This initiative will unlock new opportunities for growth, innovation and customer-focused solutions in the rolling stock market.

Property

Transnet Property made encouraging progress in strengthening operations and advancing ESG-related initiatives. Security incidents dropped by 45% and financial losses from theft and vandalism reduced by almost 50%. Key infrastructure upgrades were completed, which included the refurbishment our new Head Office as well as restoring the flood-damaged canals in KwaZulu-Natal. The SAP Real Estate System has been re-introduced to improve reporting and portfolio oversight. Our environmental sustainability efforts gained momentum through biodiversity assessments, asbestos risk management and solar energy feasibility studies. TP is engaging private sector partners to co-develop commercial opportunities, optimise asset use and support inclusive grow.

Our R4G Strategy continues to guide our long-term vision. In 2024/25FY, we prioritised high-impact projects across key sectors. These are as follows:

Project	Status	Private sector involvement	Sector
DCT Pier 2 (Durban Container Terminal)	Preferred bidder selected (July 2023)	International terminal operator selected for 25-year JV	Ports
Ngqura Container Terminal	Opportunity available for interested parties	Short-term partnership with shipping line; feasibility for full PSP underway	Ports
Richards Bay Container Terminal	Section 56 concession planned	Project agreements to be concluded in 2025/26FY	Ports
Rolling Stock Leasing Company (LeaseCo)	Feasibility and financial modelling underway	Leasing to private operators under open access	Rail
Ngqura Manganese Export Terminal	RFP to market released in May 2025	PSP to fund, build, and operate	Ports
Richards Bay Dry Bulk Terminal (DBT)	Partner selection for the terminal expansion planned	Feasibility studies and partner selection scheduled	Ports
Project Ukuvuselela (Automotive Rail Corridor)	Advanced stage	PSP to fund rolling stock and operations	Rail
TFIT (Transnet Fuel Import Terminal)	Partner procurement underway	PSP to co-fund and operate terminal	Energy (Pipelines)
Richards Bay LNG Terminal	Heads of Agreement to signed in June 2025	PSP to develop and operate LNG import infrastructure	Energy (Pipelines)
Lilly Pipeline Repurposing	Feasibility and Heads of Agreement planned	PSP to support LNG transmission infrastructure	Energy (Pipelines)

EMPOWERING OUR PEOPLE TO DRIVE HIGH PERFORMANCE

Transnet's journey of reinvention is powered by the dedication, resilience, and capability of our people. In 2025, we made meaningful progress in strengthening our human capital, laying the foundation for a high-performance culture that supports the successful execution of our Reinvent for Growth (R4G) strategy.

A key milestone was the successful negotiation of a wage agreement with the Transnet recognised unions, South African Transport & Allied Workers' Union (SATAWU) and United National Transport Union (UNTU). This outcome reflects our commitment to fair and constructive labour relations. We extend our sincere appreciation to organised labour for their partnership and shared commitment to the wellbeing of our workforce. This agreement not only supports employee morale but also reinforces stability and operational continuity across the business.

We introduced our new Culture Charter, developed collaboratively with employees across all levels of the organisation. This Charter is designed to embed and reinforce a shared set of values that define how we work and lead together:

- Customer service
- Integrity
- Respect & care
- Responsibility
- Safety

The launch of the Integrated People Management Programme (IPMP), has enhanced engagement and fosters a culture of excellence and continuous improvement.

Our investment of R860 million in skills development demonstrates our belief in the power of people. Through targeted youth development programmes, leadership training, and digital learning platforms, we are equipping our workforce with the capabilities needed to thrive in a rapidly evolving logistics landscape.

Transnet continues to advance its equity, diversity, inclusion and transformation (EDIT) strategy. With a workforce that is 93,8% black and 33% women, we are proud of our progress in building a representative and inclusive organisation.

We are actively working to strengthen gender equity, empower youth, and create opportunities for differently abled individuals, ensuring that every employee feels valued and supported. We remain deeply committed to employee wellness, recognising that a healthy and supported workforce is essential to sustainable performance. Our wellness initiatives span physical, mental, and emotional health, and are designed to promote balance, resilience, and productivity across all levels of the organisation.

To all Transnetters, thank you for your unwavering commitment and contribution. Your efforts are the driving force behind our progress. I encourage you to remain focused, agile and inspired. Together we are building a future-ready organisation that delivers sustainable value to South Africa and beyond.

OUTLOOK: A FUTURE BUILT ON PARTNERSHIP, PERFORMANCE AND PURPOSE

As we wrap up our Tactical Recovery Plan and execute the broader R4G Strategy, we will shift focus from operational recovery to transformation and long-term, sustainable growth.

This is a shift in strategy and mindset, one that places our customers, partners and communities at the heart of everything we do.

Our customers rely on us to be a dependable partner for their growth. We will invest in infrastructure, technology and people to ensure we deliver the reliable, responsive and world-class service that the local economy demands and our customers deserve.

We are deeply committed to improving turnaround times, reducing congestion and enhancing the predictability of our services across rail, ports, and pipelines. Our investments in new equipment, digital systems and operational excellence are already yielding results. We will build on this momentum.

PSPs will remain a cornerstone of our strategy, and these partnerships will ensure that Transnet becomes more agile, competitive and customer-centric.

APPRECIATION

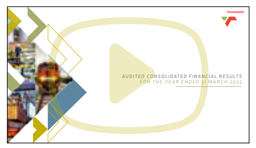
To our valued customers: we hear you, and we are acting. We are committed to being the logistics partner you can count on today, tomorrow and in the future.

To all our employees across Transnet, thank you for your unwavering dedication throughout this transformative year. Your resilience and commitment have been the driving force behind our recovery and progress. As we execute R4G Strategy, your role becomes even more vital. Together, we are rebuilding Transnet into a high-performing, resilient and future-ready logistics company.

We are also mindful of our broader responsibility to the country. As a State-owned company, we are proud to play a central role in enabling economic growth, supporting industrialisation and driving transformation. Our work is not just about moving freight; it is about moving South Africa forward.

Adv Michelle Phillips
Group Chief Executive Officer

The GCE, Adv. Michelle Phillips presenting the business performance overview for the year ended March 2025.



OUR EXECUTIVE **LEADERSHIP**

MICHELLE JEAN PHILLIPS
Group Chief Executive

Birth Date: December 1970
Appointment date: March 2024

6 8 12 19 22

Qualifications
B Juris LLB (Nelson Mandela University), Executive Development Leadership Programme (GIBS), Global Executive Development Leadership Programme (GIBS), Several International Terminal Operations Management Programmes, Transnet Women in Operations Management Programme, Breakthrough Programme for Senior Executives (IMD)

NOSIPHO MAPHUMULO
Group Chief Financial Officer

Birth Date: December 1968
Appointment date: April 2024

1 2 12 16 22

Qualifications
BCompt Honours/CTA (UNISA), Chartered Accountant (SAICA), Certificate in Financial Instruments and Markets, Senior Executive Programme (Wits/Harvard)

LEKAU LETSOALO
Group Chief Operations Officer

Birth Date: January 1962
Appointment date: July 2024

8 16 18 19

Qualifications
Master of Business Administration (Herriot Watt University), National Higher Diploma in Industrial Engineering (Wits Technikon), National Diploma in Industrial Engineering (Wits Technikon)

ANDRE PILLAY
Group Treasurer

Birth Date: August 1969
Appointment date: May 2022

1 3

Qualifications
BSc Mathematics (University of Pretoria), BCom Economics & Accountancy (UNISA – non-degree)

SAYEEDA KHAN
Chief Audit Executive

Birth Date: March 1975
Appointment date: March 2022

1 2

Qualifications
BCom Accounting (University of Durban Westville), Diploma in Accountancy (University of Durban Westville), CA(SA), CIA

ANDREW SHAW
Chief Strategy and Planning Officer

Birth Date: May 1967
Appointment date: July 2020

8 10 12 22

Qualifications
BSc, MSc (Wits), DPhil (University of Leeds), MBA (University of Reading)

BLANCHE YOLISA KANI
Chief Business Development Officer

Birth Date: September 1975
Appointment date: May 2020

7 8 9 12 16 22

Qualifications
BSc Hons in Applied Science (UP), BTech Civil Engineering (Wits Technikon), ND Civil Engineering (PE Technikon)

VULEDZANI NEMUKULA
Chief Procurement Officer

Birth Date: January 1968
Appointment date: April 2020

3 7 8 19 21

Qualifications
MBA (University of Wales), BSc (UCT), PDM in Purchasing & Materials Management (UCT), Advanced Business Management (UJ), Advanced Management Programme (INSEAD), Oxford Executive Leadership Programme

PANDELANI MUNYAI
Chief Information Officer

Birth Date: January 1969
Appointment date: May 2020

2 4 5 9 16

Qualifications
MBL (UNISA), Master of Electronic Engineering (UP), BSc Electrical Engineering (UCT), BSc Physics and Mathematics (University of Venda)

SANDRA COETZEE
Chief Legal Officer

Birth Date: April 1962
Appointment date: April 2020

1 3 14 15 17 18 20

Qualifications
BLC, LLB (University of Pretoria), Senior Leadership Programme Certificates (University of Cambridge and LSE)

ITUMELENG MATSHEKA
Chief of People Management and Learning

Birth Date: July 1969
Appointment date: November 2020

3 10 11 14 16 19

Qualifications
MBA (Milpark Business School), BSocSci and Honours (Rhodes University)

EXECUTIVE MEMBER COMPETENCIES

1 Auditing and finance
2 Business, legal, risk and compliance management
3 Corporate governance
4 Data, ICT and digital management
5 Engineering and design
6 Maritime operations
7 Infrastructure development
8 Transport and logistics
9 Sales and marketing management
10 Mergers and acquisitions
11 Human resources and people management
12 Project and operations management
13 Property and asset management
14 Safety, health and the environment
15 Socio-economic development
16 Stakeholder relations
17 Research and analytics
18 Strategy and strategic governance
19 Leadership principles
20 Climate management
21 Procurement and supply chain
22 Public policy development

OUR MATERIAL **MATTERS**

Transnet's material matters influence its decision-making and serve as a filter for determining the material information included in this report.

An issue is considered material when it has the potential to significantly influence Transnet's ability to fulfil its mandate. Materiality is dynamic and shifts in the operating context can present new issues, risks and opportunities.

Read more about how Transnet creates value on page 6 and manages its risks on page 90.

DETERMINING MATERIALITY

Each year, Transnet follows a structured and comprehensive process to determine material issues that influence its ability to create long-term value.

1. Identification

Material issues are identified and prioritised based on their relevance to Transnet's strategic objectives and long-term value creation. This is informed by a range of inputs, including:

- Stakeholder feedback from customers, labour unions, regulators, and the Shareholder;
- National policy frameworks, including the National Development Plan (NDP), Economic Reconstruction and Recovery Plan (ERRP), and the Freight Logistics Roadmap;
- Internal strategic documents, including the Corporate Plan;
- Organisational risk registers and audit findings; and
- Monitoring emerging industry trends.

2. Assessment of significance

Transnet applies a **double materiality** lens, evaluating both:

Financial materiality (inward-looking)

Issues that affect the organisation's financial performance, operations or reputation.

Impact materiality (outward-looking)

Issues where Transnet's activities have a significant effect on the economy, environment or society.

The set of identified issues is evaluated against their potential to significantly affect Transnet's ability to fulfil its mandate. Consideration is given to:

- The issue's influence on stakeholder decision-making;
- Potential financial, reputational, and operational consequences; and
- Alignment with national priorities and global sustainability trends.

3. Validation

The final list of material issues is reviewed and validated by Transnet's Executive Management and the Board to ensure relevance, completeness and alignment with strategic priorities.

MATERIAL MATTERS FOR 2025

MM1 OPERATIONAL RECOVERY AND INFRASTRUCTURE RELIABILITY

Transnet is focused on restoring the performance of its core assets and infrastructure, which includes rolling stock, the rail network and port terminals. The asset base has suffered from years of underinvestment, theft, vandalism, and inadequate maintenance.

Relevant capitals

Related risks

- Operational stability and efficiency;
- Infrastructure/Asset creation; and
- Financial sustainability and funding.

Why it matters

- Rail volumes have declined, affecting revenue and customer confidence;
- Infrastructure failures lead to service disruptions, increased costs, and reputational damage; and
- Restoring operational reliability is essential to regain market share and support economic growth.

Key actions

- Reinstating long-standing locomotives;
- Upgrading signalling and track infrastructure; and
- Implementing predictive and preventative maintenance strategies.

Strategic trade-off

Transnet must balance the demands of immediate service restoration through short-term operational fixes versus long-term infrastructure sustainability. The long-term reliability of core infrastructure requires comprehensive, capital-intensive upgrades.

MM2 PRIVATE SECTOR PARTICIPATION (PSP) AND RAIL REFORM

Transnet is opening its rail and port infrastructure to PSP to improve efficiency, attract investment, and expedite the delivery of key projects.

Relevant capitals

Related risks

- Operational stability and efficiency;
- Infrastructure/Asset creation; and
- Financial sustainability and funding.

Why it matters

- Transnet lacks the capacity to independently finance all necessary infrastructure upgrades, due to the strained balance sheet;
- PSP facilitates access to capital, advanced technology, and operational expertise; and
- Rail reform, including third-party access, is a key national policy objective.

Key actions

- Concluding PSP deals (e.g., DCT Pier 2, LeaseCo);
- Structuring rail slot sales and concessions; and
- Aligning with the Freight Logistics Roadmap.

Strategic trade-off

Transnet must weigh the benefits of efficiency and investment through private partners against the loss of operational control. Engaging partners may reduce Transnet's direct control and raise concerns among labour and other stakeholders regarding privatisation.

OUR MATERIAL MATTERS continued

MM3 SEGMENT-SPECIFIC GROWTH AND COMPETITIVENESS

Transnet has adopted a segment-based strategy to tailor its logistics solutions to the needs of the customer base in key industries such as mining, agriculture, energy and manufacturing.

Relevant capitals

Related risks

- Operational stability and efficiency;
- Infrastructure/Asset creation;
- Financial sustainability and funding; and
- Business development and competition.

Why it matters

- Each segment has unique logistics requirements and growth potential;
- A one-size-fits-all approach has failed to meet customer expectations; and
- Segment strategies enable better alignment with industrial policy and export goals.

Key actions

- Developing dual-channel export strategies (e.g., manganese, chrome);
- Supporting automotive exports via Project Ukuvuselela; and
- Enhancing container corridor performance.

Strategic trade-off

While customised solutions benefit customers, they result in less standardised and integrated operations. Tailoring strategies to different market segments improves relevance and performance but may reduce operational efficiency and increase complexity.

MM4 FINANCIAL SUSTAINABILITY AND CAPITAL INVESTMENT

Transnet faces financial constraints due to rising operating costs and a substantial debt burden. As a result, capital investments are prioritised based on their potential impact, with a strong emphasis on maintaining prudent balance sheet management.

Relevant capitals

Related risks

- Operational stability and efficiency;
- Infrastructure/Asset creation;
- Financial sustainability and funding; and
- Business development and competition.

Why it matters

- R127,7 billion is planned for capital investment over five years;
- 85% of this is for sustaining existing infrastructure; and
- Financial sustainability is critical to avoid further bailouts or credit downgrades.

Key actions

- Leveraging off-balance sheet funding (e.g. BFI grants);
- Prioritising high-impact, shovel-ready projects; and
- Improving cost recovery and tariff structures.

Strategic trade-off

When managing its limited financial resources, Transnet must consider allocating capital to sustain existing assets and expand capacity for future growth. Investing in new projects will support long-term growth and competitiveness.

MM5 STAKEHOLDER ENGAGEMENT AND LABOUR RELATIONS

Transnet must effectively manage relationships with labour unions, communities, and Government stakeholders, particularly as it advances PSP and broader reform initiatives.

Relevant capitals

Related risks

- Operational sustainability and efficiency;
- Reputation management; and
- People and learning.

Why it matters

- Misperceptions about privatisation can lead to resistance and unrest;
- Labour buy-in is essential for the successful implementation of reforms; and
- Community support is needed for land access, project approvals and social licence to operate.

Key actions

- Transparent communication on PSP and reform;
- Inclusive engagement with labour and affected communities; and
- Alignment with national development goals including the ERRP and NDP.

Strategic trade-off

Transnet must consider social and labour stability concerns against the speed of reform. The rapid implementation of reforms and PSP initiatives may provoke resistance from labour and communities, while slower, consultative processes may delay critical improvements.

MM6 DIGITAL TRANSFORMATION AND ASSET MANAGEMENT

Transnet is modernising its systems and processes to improve asset performance, reduce downtime and enable data-driven decision-making.

Relevant capitals

Related risks

- Operational stability and efficiency;
- Infrastructure/Asset creation;
- Financial sustainability and funding;
- Business development and competition; and
- People and learning.

Why it matters

- Legacy systems hinder efficiency and responsiveness;
- Predictive maintenance reduces costs and improves reliability; and
- Digital tools support transparency, compliance and performance tracking.

Key actions

- Implementing enterprise resource planning (ERP) software (SAP/4HANA) and integrated asset management systems;
- Using drones and sensors for inspections; and
- Enhancing condition monitoring and lifecycle planning.

Strategic trade-off

Transnet's investment in digital systems must be phased to protect operational continuity and manage costs. Implementing advanced digital tools enhances long-term efficiency and asset performance but requires upfront investment, change management, and may temporarily disrupt current operations.

OUR MATERIAL MATTERS continued

MM7 ENERGY TRANSITION AND DECARBONISATION

Transnet is aligning with South Africa's energy transition by investing in liquified natural gas (LNG) infrastructure at Transnet Pipelines, green hydrogen export hubs and working towards shifting freight from road to rail.

Relevant capitals	Related risks
	• Infrastructure/Asset creation; • Financial sustainability and funding; • Business development and competition; • Safety, health and environment; and • Reputation management.

Why it matters	Key actions
• Global and national policies are moving away from fossil fuels; • Transnet must adapt its infrastructure to remain relevant and sustainable; and • Decarbonisation is also a competitive advantage in global trade.	• Developing LNG terminals at Richards Bay and Ngqura; • Repurposing the Lilly Pipeline; and • Supporting the Boegoebaai green hydrogen corridor.

Strategic trade-off

Transnet must balance its investment in green infrastructure versus reliance on legacy fossil fuel revenue streams. Transitioning to low-carbon logistics infrastructure supports long-term sustainability but may divert resources from currently profitable fossil fuel-related operations.

MM8 CLIMATE RESILIENCE AND ENVIRONMENTAL COMPLIANCE

Transnet must ensure its infrastructure is resilient to climate change and complies with environmental regulations, with particular focus on coastal and flood-prone areas.

Relevant capitals	Related risks
	• Infrastructure/Asset creation; • Financial sustainability and funding; • Business development and competition; • Safety, health and environment; and • Reputation management.

Why it matters	Key actions
• Ports and railways are vulnerable to extreme weather events. The financial and operational costs of rehabilitating infrastructure following extreme weather events have been substantial in the prior financial years; • Environmental approvals can delay or derail major projects; and • Investors and customers are increasingly focused on ESG performance.	• Designing climate-resilient infrastructure, for example, the Port of Durban upgrades; • Engaging proactively with environmental regulators; and • Reducing emissions through modal shift (moving away from road to rail transport) and cleaner fuels.

Strategic trade-off

Transnet must meet project delivery timelines and comply with regulatory and environmental obligations. Accelerating infrastructure projects may conflict with environmental regulations, potentially causing delays or reputational risks if not managed in compliance with legal and sustainability standards.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY)

Transnet is at a pivotal moment in its evolution, navigating a complex landscape shaped by regulatory reforms, operational challenges and macroeconomic shifts. Implementing the R4G Strategy underscores a fundamental commitment to restoring the Company's reputation, operational excellence, transforming the business model and enabling economic growth and sustainability.

Purpose

As the custodian of ports, rail and pipelines, Transnet aims to ensure a globally competitive freight system that enables sustained growth and diversification of the country's economy.

What we want to achieve

The R4G Strategy aims to proactively respond to the changing operational and policy environment. The strategy is a comprehensive approach to arrest the decline in operational and financial performance while repositioning Transnet for future resilience and growth. The strategy should enable the recovery of operational capability while implementing much-needed reform across key parts of the business.

FIXING AND OPTIMISING THE BUSINESS

Tactical Recovery Plan

A structured plan focused on immediately revitalising current operating performance and protecting current revenue sources, particularly within the rail and ports business units.

TRANSFORMING THE BUSINESS

Transformative

Developing a new way of doing business with a fundamental change to operating models that embrace rail and regulatory reform to improve efficiency and commercial discipline and facilitate the longer-term repositioning of the business.

GROWING THE BUSINESS AND THE ECONOMY

Expansionary

A growth-minded drive to reposition Transnet as a conduit for economic growth by collaborating with industry and leveraging its infrastructure and assets to enhance competition, capacity and efficiency. This should boost Transnet's growth and that of key economic sectors.

THE R4G STRATEGY CONSIDERS THE FOLLOWING TOP RISKS

Operational sustainability and efficiency ▸ Financial sustainability and funding ▸ Business development and competition ▸ Infrastructure/Asset creation ▸ Procurement

Read more about risk management on page 90.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

TACTICAL RECOVERY PLAN

The Tactical Recovery Plan, implemented in 2023/24FY and continuing through 2024/25FY, was a short-term response to Transnet's performance challenges. With an 18-month outlook, the plan expedited and identified initiatives to enhance operational performance and restore lost capacity.

This approach yielded positive results. Transnet halted the decline in rail volumes, achieving approximately 152 mt in 2023/24FY, a 3 mt increase from the previous year. By financial year-end, rail volumes grew by approximately 5,5% (160,1 mt) while container volumes declined by 1,4% (4 092 twenty-foot equivalent units (TEUs)) compared to the prior year.

The plan has evolved into a continuous business and operational enhancement process to drive performance improvements through capital-light initiatives and collaboration with customers and industry stakeholders. The focus remains on optimising operations using existing assets, employees and capital resources. By implementing these initiatives, Transnet aims to achieve sustainable volume growth across operations, delivering immediate and tangible benefits to customers and their supply chains.

TRANSFORMATIVE

The transformative pillar focuses on executing initiatives to enhance service delivery in critical supply chains such as mining and manufacturing. It addresses long-standing challenges, including infrastructure deterioration and outdated systems, which have constrained Transnet's capacity and delivery capabilities. Building upon the Tactical Recovery Plan, it will strengthen the Company's sustainability and commercial orientation.

Key transformative programmes are designed to significantly improve performance, repositioning Transnet's divisions to provide substantially better services. These initiatives will contribute to market-transforming rail and port reforms. They focus on rehabilitating and modernising essential aspects of the business, including the rail network and signalling systems and developing modern infrastructure and replacing outdated equipment.

Given the projects' scale and capital-intensive nature, Transnet cannot fully fund the required investments. An innovative funding approach has been adopted, leveraging project development funding provided by National Treasury. This strategy aims to bridge the funding gap and facilitate the successful implementation of these transformative initiatives.

Transnet has submitted applications to access South Africa's Budget Facility for Infrastructure (BFI) to address its funding challenges and strengthen its infrastructure base. The BFI, which supports high-impact infrastructure initiatives, provides long-term, blended financing for projects that meet stringent feasibility and economic viability criteria. If approved, the fiscal support from National Treasury will subsidise Transnet's Capital Investment Plan, reduce its reliance on debt and provide debt relief.

Integrating PSP through public-private partnerships within BFI-supported projects will optimise funding structures, reduce fiscal strain, and accelerate project execution. As part of its initial application, Transnet has submitted funding requests totalling R26,1 billion under the BFI for the following 'shovel-ready' projects:

- Durban Container Terminal (DCT) Pier 2 berth deepening (National Ports Authority): R4,6 billion (fiscal grant support);
- Iron Ore Discreet Project (Rail Infrastructure Manager): R3,4 billion (fiscal grant support);
- Coal Discreet Project (Rail Infrastructure Manager): R3,6 billion (fiscal grant support);
- Container Corridor Discreet Project (Rail Infrastructure Manager): R4,2 billion (fiscal grant support);
- Port equipment: Marine craft and ancillary (National Ports Authority): R1,6 billion (fiscal grant support); and
- Port terminal handling equipment (Port Terminals): R8,7 billion (fiscal grant support).

EXPANSIONARY

The expansionary pillar focuses on identifying and implementing strategic projects that catalyse growth in the broader economy. These projects will drive development in critical sectors by increasing logistics capacity, enhancing competitiveness, attracting investment and creating direct and indirect jobs.

Given Transnet's constrained balance sheet, PSP partnerships will be leveraged to attract private capital and expertise and unlock value in key segments including mining, manufacturing, agriculture and energy. This approach addresses challenges related to funding shortfalls and execution capacity while strengthening local logistics infrastructure and efficiency.

Transnet's portfolio of strategic projects aligns with the Freight Logistics Roadmap and the R4G Strategy's segment strategies. This portfolio has been refined into a set of priority PSP projects for expedited implementation in 2025/26FY. While immediate implementation is a focus, these PSP transactions are long-term initiatives, with substantial economic and operational impact expected over the next three to five years.

DCT Pier 2

Transnet is pursuing a partnership with a private sector operator to enhance terminal productivity and throughput at DCT Pier 2, which handles 72% of the Port of Durban's throughput and 46% of South Africa's container volumes. The objective is to increase capacity from 2 million TEUs to 2,8 million TEUs and boost efficiencies.

In July 2023, an international terminal operator was selected as the preferred bidder for a 25-year joint venture, with due diligence confirming financial viability. However, the transaction has faced legal challenges, including an interdict from another bidder. While Transnet complies with legal proceedings, efforts are underway to expedite the review process and move forward with implementation.

Ngqura manganese channel expansion

South Africa commands over 36% of the global seaborne manganese trade, resulting in strong demand for rail and port export capacity that is currently constrained. Due to environmental concerns, Transnet has committed to decommission the 5,5 mtpa manganese bulk terminal at the Port of Port Elizabeth by relocating manganese ore exports to a new, expanded (12 mtpa to 16 mtpa) bulk terminal at the Port of Ngqura. This project is currently at the feasibility stage with the business case and approval to approach the market expected by the first quarter of 2025/26FY.

Transnet will also work with the private sector to upgrade capacity in the rail corridor connecting the Northern Cape to the port of Ngqura to ensure a coordinated expansion approach, preventing mismatches in capacity development.

Richards Bay Dry Bulk Terminal (DBT)

The Richards Bay DBT is being developed into a leading bulk export hub, leveraging its deep berths to handle high-yield bulk commodities. This initiative includes creating a consolidated, modernised bulk handling terminal for chrome and magnetite at the Port of Richards Bay, aimed at recapturing market share lost to Maputo and meeting growing demand.

Container Corridor Project

The Container Corridor, linking Durban and Johannesburg, faces challenges such as community encroachment, theft, vandalism, and storm damage, which increase maintenance costs and decrease service reliability. Transnet is considering PSPs for the corridor's infrastructure and operational aspects to address these issues and ensure long-term viability.

A growth catalyst in the Freight Logistics Roadmap, the project will improve service reliability, customer confidence and financial sustainability by attracting investment for network restoration and rolling stock upgrades to shift more freight from road to rail. This transaction's business case and scope are under development to conceptualise a revitalised container corridor. Transnet has applied for a fiscal grant of R4,2 billion through the BFI to stabilise operations and prepare for PSP involvement.

Fibre Project

Transnet owns an extensive fibre optic network, with approximately 50% underutilised. This project seeks to monetise excess capacity, raise funds for upgrades, and replace outdated fibre and equipment while accessing industry expertise and reducing operational costs. The project offers the potential of expanding broadband connectivity to underserved communities.

Project Ukuvuselela

This project aims to facilitate the rail transportation of approximately 150 000 fully built automotive units annually through the South Corridor to the Port of Port Elizabeth by 2026. The project is driven by Ford's expansion programme and seeks to improve connectivity between Gauteng's automotive hubs and the Eastern Cape export terminals, particularly the Port of Ngqura. While the project is advanced, securing Government funding for rail infrastructure is challenging. Transnet has applied for funding through the BFI, while PSP will primarily fund rolling stock and operations.

Read more about performance against the expansionary pillar in the Group Chief Executive's report on page 46.

During the launch of the Reinvent for Growth Strategy, Dr. Andrew Shaw explained the corporate strategy and its significance for the company.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

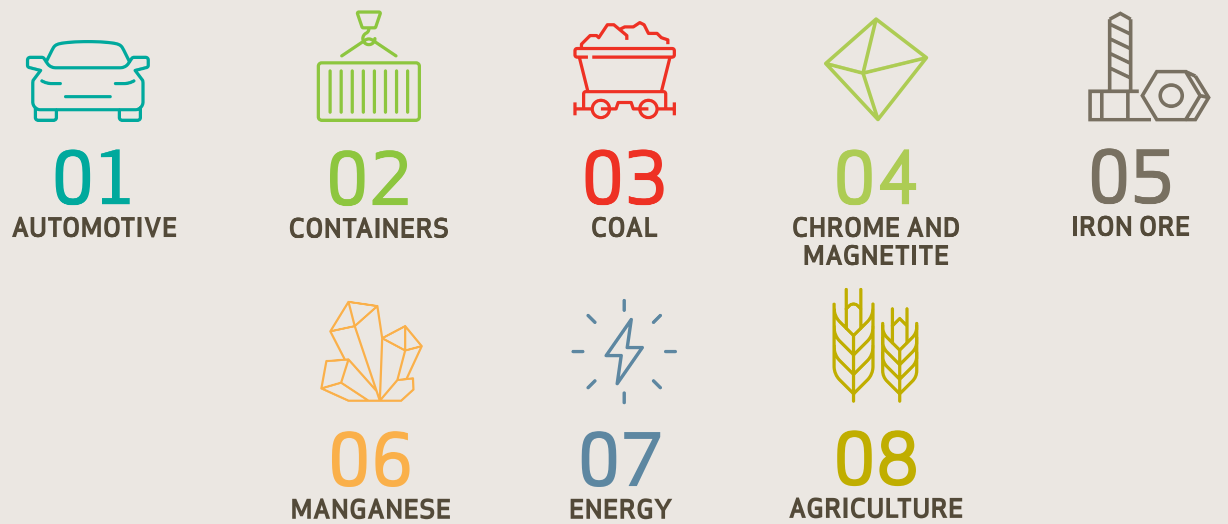
OVERVIEW OF THE **SEGMENT STRATEGIES**

By adopting market-focused segment strategies, Transnet aims to enhance its agility and responsiveness to offer tailored solutions to the distinct needs of various market segments, driving improved operational alignment and customer-centricity.

Transnet's portfolio has been streamlined into eight critical segments, accounting for over 80% of the Company's revenue and playing a pivotal role in driving South Africa's economic recovery and growth. Transnet's segment strategies are integral to its broader transformation agenda, reinforcing its commitment to being a reliable logistics partner and improving South Africa's global competitiveness.

This section outlines the key segments, providing context and an overview of the opportunities identified within each. It highlights the priorities for 2025/26FY with the anticipated outcomes of strategic execution. Each segment includes a summary of the identified key risks and the strategies to mitigate them.

Each segment was analysed to assess critical factors, including global market dynamics, national significance, such as contributions to GDP and employment, demand trends and forecasts, and Transnet's strategic role within local and international value chains. This comprehensive analysis informs the clear positioning of each segment, enabling targeted solutions focused on capacity expansion and operational improvements.

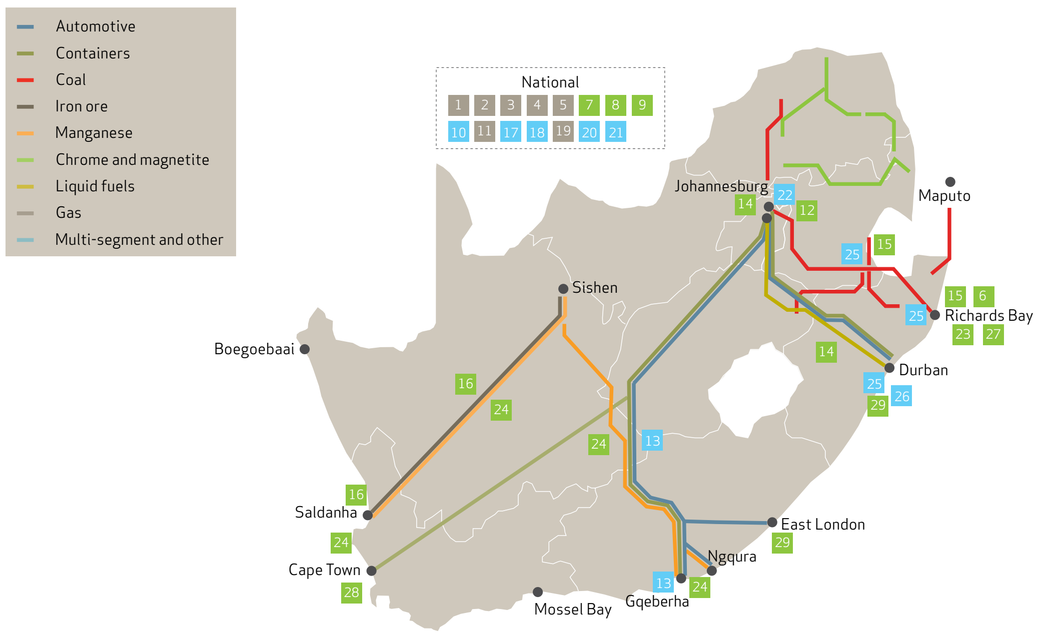


THE ROLE OF PSP IN SEGMENT STRATEGIES

PSP is a cornerstone of Transnet's transformative journey, addressing critical operational challenges, advancing infrastructure development and improving service delivery across its key business segments.

Transnet's PSP initiatives align closely with its segment strategies to meet sector-specific needs and drive operational improvements. These initiatives prioritise targeted investments, capacity-building and tailored solutions to enhance supply chain competitiveness in vital sectors such as mining, agriculture and manufacturing. They should also significantly increase the volume of traffic transported by rail and reduce reliance on road freight. PSPs should boost efficiency, increase throughput and generate additional revenue to support Transnet's financial sustainability. This should ultimately unlock infrastructure investment, stimulate exports and support job creation.

High-level portfolio overview



Rail routings are approximations for illustrative purposes.

1	Establish the Rail Infrastructure Manager as an Operating Division
2	Finalise and publish the final Network Statement
3	Full disposal of non-core assets and property
4	Release prospectus of low-density lines
5	Enable expedited third-party access for private operators
6	Award the Richards Bay Container Terminal
7	Issue the rolling stock leasing company RFP to the market
8	Dispose of leisure trains
9	Issue the fibre optic RFP to market
10	Implement balance sheet optimisation initiatives
11	Finalise the corporatisation of the National Ports Authority as a subsidiary
12	Issue the inland terminal PSP RFP to the market
13	Issue the Ukuvuselela PSP RFP to the market
14	Issue the Container Corridor PSP RFP to the market
15	Issue the coal collaboration RFP to the market
16	Issue the iron ore collaboration RFP to the market
17	Issue the OEM partnership RFP for Engineering manufacturing
18	Implement the operating model review recommendations
19	Finalise the corporatisation of the Rail Infrastructure Manager as a subsidiary
20	Complete the reform of Property and attain sustainability
21	Attain sustainability for Engineering
22	Issue the OR Tambo International Airport jet fuel line RFP to the market
23	Issue the Richards Bay DBT RFP to the market
24	Issue the manganese collaboration RFP to the market
25	Issue the gas pipeline redevelopment RFP to the market for Pipelines
26	Issue the Transnet Fuel Import Terminal (TFIT) RFP to the market
27	Commence Richards Bay LNG terminal operations
28	Issue the 1 Adderley Street PSP RFP to the market
29	Agricultural port terminal

Transnet's ability to execute against the ambitious PSP roadmap is dependent on availability of funding and resources.
The future Transnet will have greater exposure to partners in line with the plan to leverage the balance sheet.

The successful implementation of this portfolio requires significantly improved operational efficiencies and service reliability. Transnet's subject matter experts, primarily based in the Operating Divisions, support the operational improvement imperative. Centralised portfolio development and constant strategic alignment have improved internal alignment, with delivery of targets on track.

There is a threat that labour perceives the proposed transactions as privatisation and a threat to job security, rather than industry mobilisation of joint resources through PSPs in line with the Government's ERRP. To address this, Transnet will develop a robust stakeholder engagement and communication strategy that clearly presents the segment strategies as a collaborative effort aimed at joint growth and industrial development. This approach is intended to reduce stakeholder tensions and alleviate labour concerns. Transnet will ensure PSP transactions incorporate the Company's existing labour policies and adjust policies to remain sensitive to concerns while ensuring structured, open and transparent engagements with labour in the PSP transactions and processes.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

01 AUTOMOTIVE

Transnet is strategically positioned to seize several promising opportunities that align with the evolving needs of the automotive industry.

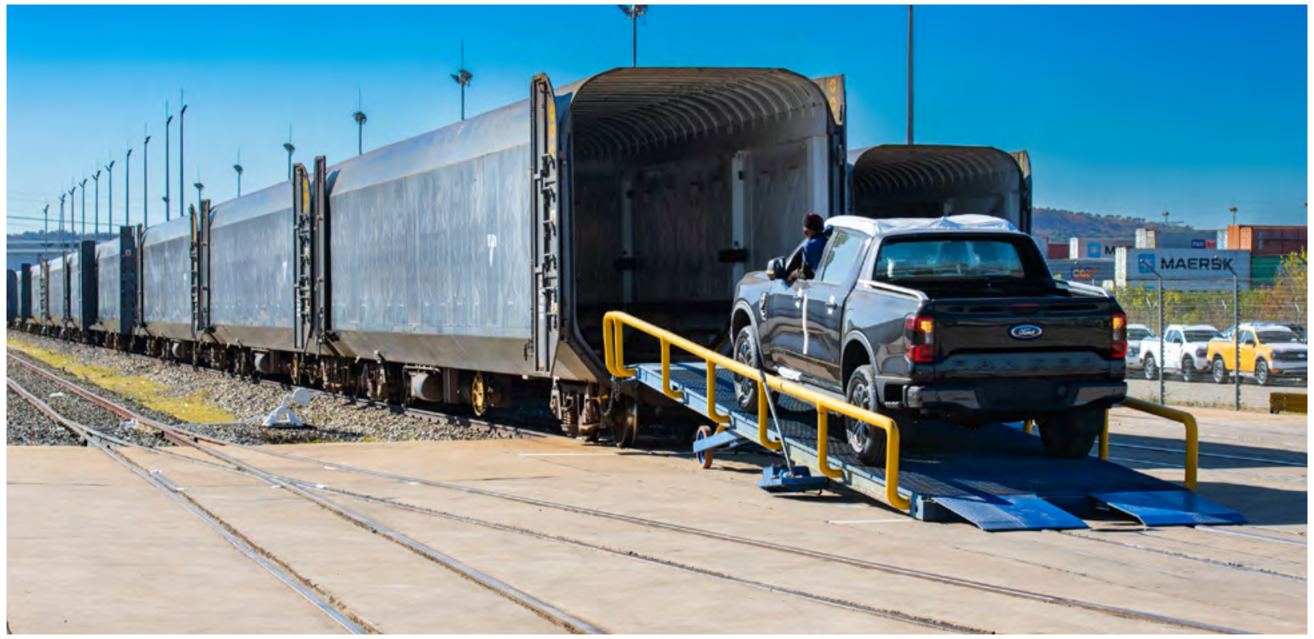
South Africa is well-located from a cost and logistics perspective for automotive manufacturers aspiring to reach the export markets more efficiently. The local automotive industry, which has representation from major European, American and Japanese motor vehicle manufacturers, is a vital component of the economy, contributing significantly to GDP and employment, skills development, economic linkages, technological advancement and innovation. In addition, South Africa is positioning itself as a hub for producing new energy vehicles (NEVs), which will attract foreign direct investment and strengthen export markets.

While the sector has recovered over the past two years, it remains vulnerable to logistics constraints such as rail and port capacity and suboptimal operational performance. Supporting automotive volume flows, including its participation in Project Ukuvuselela, is a priority within Transnet's business plan. This approach will complement the significant private sector investment anticipated in this sector.

Transnet plays a pivotal role in supporting the automotive industry's logistics requirements. Rail and port infrastructure investments will reduce transport costs and improve efficiency, critical for maintaining South Africa's competitiveness. Enhanced collaboration with private sector stakeholders will ensure more robust supply chain operations and sustain growth in the automotive and broader industrial sectors.

Opportunities identified

- **Pursuing a dual rail channel export solution** to optimise the rail corridors to ensure more reliable, efficient and secure logistics;
- **Exploring transitioning to a throughput-based operating model for automotive port terminals** to maximise port parking capacity utilisation. This entails re-engineering the Port of Durban's Ocean Terminal and T-Jetty Precinct to establish an open automotive footprint with optimised parking bays. A dedicated preloading facility closer to the berth will enhance efficiency;
- **Offering extended dwell days storage at various back-of-port facilities** in collaboration with the private sector. This could be augmented by providing value-added services through PSP arrangements. Enhancing the integration of the automotive supply chain at the Kaalfontein Terminal is a significant opportunity;
- **Redirecting hinterland automotive OEMs'** auto flows to the Port of Port Elizabeth by enhancing the capacity of the South Corridor and the port. The port's automotive handling capacities at the Charl Malan Quay will expand the container terminal footprint in the short to medium term. Two designated automotive berths will support this. To develop new capacity, Transnet is exploring partnership-driven funding and delivery mechanisms, leveraging private investment, Government grants and subsidies;
- **Expanding capacity at the Port of East London** from 135 000 fully built units to an end state of 185 000 fully built units in tranches, balancing the OEMs' requirements and appetite to invest in parking capacity; and
- **Enhancing automotive wagon availability, utilisation and suitability.** This includes revisiting automotive wagon ownership through potential PSPs and adopting a "hook-and-haul" operating model. Transnet is inviting third-party rail operators (through rail slot sales and operational lease transactions) onto both the South Corridor and Container Corridor.



Anticipated outcomes of strategy execution

- Economies of scale create opportunities for more **rail-based inbound and outbound logistics** by removing last-mile challenges to intermodal solutions;
- A range of **co-sourcing investments and partnerships** for both port and rail to support the automotive segment for growth;
- **Suitable wagon structures** to address changing model configuration needs;
- **Reducing significant operating expenses, risk and capacity constraints** related to the existing limited wagon fleet and inland terminal constraints;
- **Sharing investment risks** related to the volatility of automotive demand with industry participants;
- **Unlocking port capacity to meet industry demand** through business re-engineering of the operating model;
- **Broadening the value proposition** to incorporate value-added and ancillary services;
- **Improving the security of supply** for coastal and hinterland logistics; and
- **Optimisation of rail capacity.**

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• **Global events have an impact on international supply chains,** with a knock-on impact on the local industries and associated logistics; • The South African automotive industry has been **slow to transition to electric vehicles and hybrid technologies. Local OEMs could miss out on the manufacturing contracting of electric and hybrid vehicle types,** resulting in reduced export volumes and stranded assets; and • The increasing reliance on **digital technologies and automation in logistics heightens the risk of cybersecurity threats and system vulnerabilities.**	• **Agile portfolio selection** that considers global event risk views and diversity across sectors and geographies; • Promulgating and gazetting the project to **expand capacity on the South Corridor** to accommodate automotive volumes as a strategic infrastructure project within the Presidential Infrastructure Coordination Commission. Securing a Government subsidy and additional financing to co-fund the project; • **Monitoring global, regional and domestic automotive demand** trends to make prudent investments on a just-in-time basis; • **Sharing investment risk** with industry participants across the value chain; • **Influencing Government's policy planning** to incentivise OEMs to build capacity for electric vehicle production; • **Innovative wagon designs focused on flexibility,** with an emphasis on wagons that can be seamlessly modified; and • **Private sector-driven supply of rolling stock and haulage service** to the automotive industry.

Priorities for 2025/26FY

- Pursuing a **dual rail channel export solution** to enhance the security of supply between inland industrialisation hubs and the coastal ports for the export and import of fully built units;
- **Expand capacity on the South Corridor** servicing the Port of Port Elizabeth by exploring partnership-driven funding and delivery mechanisms, Government grants and subsidies. Project Ukuvuselela will support automotive volumes for the Gauteng-Eastern Cape high-capacity rail corridor via the South Corridor;
- **Re-engineering and repositioning of the Port of Durban** to establish it as a premier automotive handling terminal. This includes repurposing redundant superstructure in a phased approach to create flat, open parking bays with the shortest distance to and from the quayside;
- **Expand automotive handling capacities** into the container terminal footprint at the Charl Malan Quay at the Port of Port Elizabeth;
- Implementing the **automotive volume recovery plan** to 851 000 fully built units, optimising the throughput operating model and attracting investment to create **back-of-port facilities** at strategic locations in Durban, Port Elizabeth and East London, and Gauteng's Kaalfontein Automotive Terminal;
- Inviting **third-party rail operators** in alignment with rail reform through rail slot sales and an operational lease transaction onto the South Corridor and the Container Corridor to create additional capacity;
- Reissuing and awarding the turnkey engineering, procurement and construction contract for the design, construction and **commissioning of the rail loop extension for the South Corridor** for the relocation of the import and export of certain automotive supply chains for fully built-up units through the South Corridor to the Port of Port Elizabeth;
- **Piloting the interim logistics haulage solutions** on both the South Corridor and Container Corridor; and
- **Implementing the throughput operating model** in all automotive terminals.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

02 CONTAINERS

Transnet's operating model must evolve to accommodate third-party access, to align with the broader rail reform agenda and regulatory transformation efforts. The container segment strategy will improve South Africa's maritime connectivity by establishing an internationally competitive hub port system while leveraging PSP to rejuvenate port terminal businesses and reform the non-viable container rail business.

The container segment is a key trade enabler supporting South Africa's position as a gateway for trade within the African continent and globally. Containerised shipping is vital for exporting and importing manufactured goods, agricultural products and raw materials. The ports of Durban, Cape Town and Ngqura facilitate these exports, linking South Africa to Europe, Asia and America. Challenges such as port inefficiencies, equipment shortages and rail transport disruptions have impacted the sector.

In today's global trade environment, success depends on the ability to consolidate cargo strategically and develop efficient, multi-modal transport connectivity. Within the container sector, adopting strategies such as volume consolidation, linking hubs and feeder ports, and accommodating larger vessels is key to unlocking economies of scale, lowering shipping costs and improving global competitiveness.

South African ports, while strategically located, have encountered capacity constraints, particularly in adapting to the global trend of larger vessels. Establishing global hub ports, which attract high trade volumes due to lower per-unit container handling costs, offers a compelling solution. Countries with established hub ports benefit from reduced feeder service costs and stronger integration into global supply chains. With Durban handling 60% of South Africa's trade volumes, it is well-positioned to evolve into a regional hub, especially as global south trade flows continue to shift.

The development of a hub port, anchored by Durban, could significantly boost transshipment volumes bound for the SADC region, enhancing South Africa's role in regional and global trade. A series of reforms and investments aims to stabilise overall port performance and improve its global ranking.

The market share of rail on the Durban to Gauteng Container Corridor has steadily declined over recent years. A plan to turn around and revitalise the port and rail infrastructure has been developed. The benefits of a greatly improved rail service on the Container Corridor supports the growth aspirations of various industrial sectors.

Mindful of our environmental responsibilities, we endorse the slow steaming initiative to reduce our carbon footprint. Achieving a balance between environmental sustainability, regulatory compliance and economic imperatives is essential for a resilient maritime industry.

Port of Durban

Transnet aims to develop the Port of Durban as a modern, deep-water port and southern hemisphere and Indian Ocean maritime hub with a 30-year envisaged capacity of 11,4 million TEUs. The long-term Durban Port Master Plan focuses the port primarily on containers and automotive exports. Transnet is fast-tracking the DCT berth-deepening project and a feasibility study for the Point Container Terminal. The end-state development over the long term will realise 4,4 million TEU capacity for the Pier 1 and Pier 2 infill, 1,8 million TEU capacity for the Point Terminal, 1,6 million TEU capacity at Maydon Wharf and 3,6 million TEU capacity for the future Island View development.

Opportunities identified

- **Repositioning the Port of Durban** as a global container shipping hub port to elevate its role in global trade;
- **Establishing a dedicated Durban Point Container Terminal** to boost container handling capacity;
- **Enhancing rail operational performance** between the Port of Durban and the hinterland to speed up container transfers;
- **Enhancing capacity and capabilities at trade entry points** in response to trade growth;
- **Increasing rail freight to South Africa's neighbours** to capitalise on our strategic location;
- **Strengthening connectivity at the Port of Ngqura** to enhance its role as a regional transshipment hub; and
- **Improving container handling equipment availability and reliability.** Improving procurement processes, leveraging OEMs for adequate spares, inventory holding, and replacement components, and acquiring modern equipment and agile maintenance regimes to strengthen equipment availability and reliability.

The Durban Port Master Plan also proposes expanding the current port limits to extend into the Ambrose Park land parcel (skirting Bayhead Road) and including a land parcel beyond Shepstone Road, adjacent to the Point Automotive Terminal. Transnet aims to conclude the partnership with an international terminal operator at DCT Pier 2. The expansion of the Point Terminal is also a priority project for which partners will be sought once the feasibility study has been concluded.

Port of Ngqura

The Ngqura Container Terminal will undergo a capacity development and operational development programme to 2 million TEUs with a partner through a short-term home berth partnering philosophy. In the medium term, Transnet will partner with an international terminal operator if the home berthing concept is unsuccessful. The terminal will be repositioned as a South-east Asia transshipment container hub.

Port of Port Elizabeth

The Port of Port Elizabeth is transitioning to provide a complementary service to the Port of Ngqura. The repurposing of the Charl Malan Quay will enable the extension of the automotive capacity into Berth 102, and the container volumes will migrate to the Port of Ngqura. However, a small-scale container facility with a capacity of 100 000 TEUs will remain to service the local citrus and fresh produce industry in the short to medium term and counteract different weather patterns for loading container vessels.

Port of Cape Town

Transnet will continue to develop capacity at the CTCT, targeting regional and European trade. This will include landside capacity and rail and truck staging. Various near-port terminals are under investigation, including a potential cold storage-enabled container and refrigerated container facility at the BelCon Terminal, which, alongside a rail shuttle service to CTCT, will support port decongestion.

Ports of Richards Bay and East London

There are various container capacity creation initiatives underway at the Ports of Richards Bay and East London to enhance the performance of the overall container system.

Anticipated outcomes of strategic execution

- Significantly **lower maritime shipping costs;**
- **Efficient and reliable container terminals** (port and inland) and assets operating at design capacity;
- **Expanded container handling capacity** in the Port of Durban;
- Enhanced ports' and container terminals' positioning for **greater maritime and regional and global container shipping connectivity;**
- The **inclusion of the Port of Ngqura into a global network of ports and terminals** and developing and operating associated industrial development zone-based value-added services;
- A **rail-enabled industrial and logistics cluster** to increase rail market share;
- A **container intermodal service that competes effectively with road transport** as a viable alternative;
- Optimised network design to drive **rail freight density;**
- Ability to **harness private sector skills and capabilities;** and
- **An ecosystem of specialist service providers** collaborating to develop, manage and operate the container supply chain.

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• Misaligned investment could result in either **over- or under-capacity;** • **Terminals run by ITOs could gradually erode existing Transnet terminals' business;** • Lack of engagement with environmentalists on expansion plans at the Port of Durban could result in significantly **delayed environmental approvals or onerous environmental requirements;** and • Aggressive **impact of climate change on key infrastructure.**	• Clearly **defining the role of the anticipated hub ports (Durban and Ngqura)** to regional and international stakeholders; • **Developing a strategy to attract and secure sustainable demand** by ensuring Transnet is aligned with the medium- to long-term needs of various customer segments; • **A phased approach to developing additional port and rail capacity** to align Transnet's plans with the pace and potential of sector growth; • **Investing prudently where Transnet's capacity and capabilities are already efficient,** with potential for improvement, and seeking private investment to augment the resource requirements in the medium- to long-term expansion of the sector's value chains; • **Developing and implementing a comprehensive stakeholder engagement strategy** led by independent specialists, ensuring integrated messaging across segments, alignment with master planning and value propositions, and agile adaptation to stakeholder input; and • Design of **climate-resistant infrastructure.**

Priorities for 2025/26FY

- **Conclude the PSP partnership on the DCT Pier 2** with an ITO to enhance the asset, including incorporating the terminal into the ITO's partner network;
- **Obtain approval for the revised business case and award the construction contract for DCT's** deepening and lengthening of berths 203 to 205;
- **Initiate a short-term capacity development programme and operational transformation** with an international shipping line partner at the Port of Ngqura Container Terminal through a home berth partnering philosophy;
- Conclude project agreements for a container operations **concession at the Richards Bay Container Terminal;**
- **Repurpose the Charl Malan Quay at the Port of Port Elizabeth** to extend automotive capacity into Berth 102 and migrate container volumes to Ngqura;
- Conclude the feasibility business case for a private sector partner to provide capital, operational expertise and market access to **operate, maintain and upgrade the Container Corridor** (inclusive of the back-of-port and inland terminals);
- Conclude a feasibility study for a private sector partner for terminal operations at **Point Container Terminal;**
- Optimise and develop capacity at the **CTCT** to offer a gateway to regional and European trade; and
- Conclude the feasibility business case and issue an RFQ for PSP and **infrastructure-based concession partnerships** for train operating companies and terminal operators for Container Corridor rail operations and the City Deep, KasCon, and Kaalfontein terminals.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

03 COAL

Transnet remains committed to maximising opportunities and overcoming obstacles within the coal segment. The evolution of the energy landscape presents a complex but exciting path ahead.

The global thermal coal market is undergoing a major transformation as shifts in energy policies, environmental priorities and consumption patterns reshape its dynamics. Yet despite shifting global attitudes, coal's importance cannot be downplayed. In 2024, the seaborne thermal coal trade approached one billion tonnes, largely driven by strong demand from China and India.

In South Africa, coal remains a dominant component of the local energy mix and is important to the economy, employment and foreign exchange earnings. Transport system inefficiencies have resulted in billions in lost revenue, exacerbating socio-economic challenges in coal-dependent regions like Mpumalanga. In 2023, coal exports through the Richards Bay Coal Terminal dropped to 47,21 mt, the lowest level since 1992.

Encouragingly, throughput improvements, including a rise in thermal coal exports, reflect the positive collaboration between Transnet and the mining industry. Despite these gains, rail inefficiencies persist, underscoring the need for sustained infrastructure investments and policy reforms. South Africa could return to historical export levels of 73 mtpa by 2026, contingent on targeted rail and port enhancements and a favourable investment climate.

Improved competitiveness will position South Africa to compete with exporters like Australia and Indonesia and maintain access to key markets in India and China. These measures are essential to sustaining the local coal sector amid shifting global dynamics. Domestic coal for power generation presents further opportunities for private sector investment.

Opportunities identified

- **Joint security initiatives with industry stakeholders** to safeguard assets and reduce disruptions in coal transportation;
- **Improved asset utilisation to reduce the cycle times of limited rolling stock** increased capacity for coal transportation and enhanced operational efficiency;
- **Optimised use of available assets** to drive productivity and throughput;
- **Restoration of rail channels to refurbish and enhance rail infrastructure** to handle higher volumes of coal, facilitating more efficient transportation; and
- **Development of intermodal logistics** to integrate various logistics modes to provide an end-to-end solution for moving coal.

In the short term, Transnet prioritises reducing the industry's logistics costs and enhancing the reliability and efficient use of existing assets. This involves strategic private sector infrastructure investments to improve operational stability and regain export capacity.

In the medium term, the broader rail reforms will see the introduction of private operators on the rail network to increase competition and efficiency and broaden access to private capital. Framed by the Freight Logistics Roadmap, PSP, including vertically integrated rail concessions, is a key solution to improve coal export logistics. PSP transactions aim to increase export volumes to Richards Bay Coal Terminal's full capacity of 81 mtpa, facilitated by private investment in infrastructure upgrades, including track and signalling system rehabilitation. This will improve reliability, reduce bottlenecks and unlock the coal sector's potential.

Anticipated outcomes of strategic execution

- The restoration of assets, reduction of incidents, consolidation of activities, efficiency improvements and improved asset utilisation, leading to increased export volumes; and
- Funding from customers will see increased maintenance activities to restore the network to nameplate operations sooner.

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• With waning **global investment appeal for coal,** sources of funding from conventional investors to sustain and improve the existing export channel to the Port of Richards Bay may not materialise; • The **lead times for re-engineering certain locomotives** may result in the continued poor reliability of the fleet; • A slower transition to renewable energy may lead to a spike in demand for South African export coal. However, without proactive capacity planning, Transnet may be unable to capitalise on this demand, posing a risk of **missed opportunities** and **diminished competitiveness**; • **Volume loss due to security incidents;** and • Changes in r**egulatory requirements or compliance standards.**	• **Structured financing transactions with coal exporters** to secure joint capital resources to sustain operations and improve performance; • **Validating customer commitments via joint investment schemes** with customers to verify if expansion is viable and sustainable; • **Strengthening structured, open and transparent engagements** with labour leadership; • **Security technology enablement;** • **Awarding contracts to alternative locomotive OEMs** to re-engineer the CRRC locomotives to return them to service; • Replace copper components in Overhead Traction Equipment and catenary wires with tiger wire to **enhance security and reduce theft;** and • Continuously monitor **regulatory developments and engage proactively with authorities and industry bodies** to advocate for supportive frameworks and ensure timely compliance.

Priorities for 2025/26FY

- Explore opportunities (informed by feasibility studies) to **introduce the private sector in various aspects of rail infrastructure management and rail operations;**
- **Expand the available rolling stock fleet** by bringing back long-standing locomotives into service; and
- **Maintain industry collaboration** for outcomes-based solutions to enhance asset protection and limit theft and vandalism.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

04 CHROME AND MAGNETITE

Transnet aims to support South Africa's chrome and magnetite sectors to remain competitive and serve global demand for these commodities.

The global chrome market is transitioning from a surplus to a more balanced market, driven by rising stainless steel production and evolving trade dynamics. Stainless steel output is projected to grow at a compound annual growth rate of 4% between 2024 and 2029, with Asia, particularly China and Indonesia, leading this growth. Concurrently, regionalisation trends in Europe and the USA promote local stainless-steel production, disrupting traditional trade flows for high-carbon ferrochrome and chrome ore.

Magnetite is sought after for green steelmaking due to its high iron content, energy efficiency and compatibility with low-carbon technologies. This positions magnetite as a key material for transitioning to sustainable steel production.

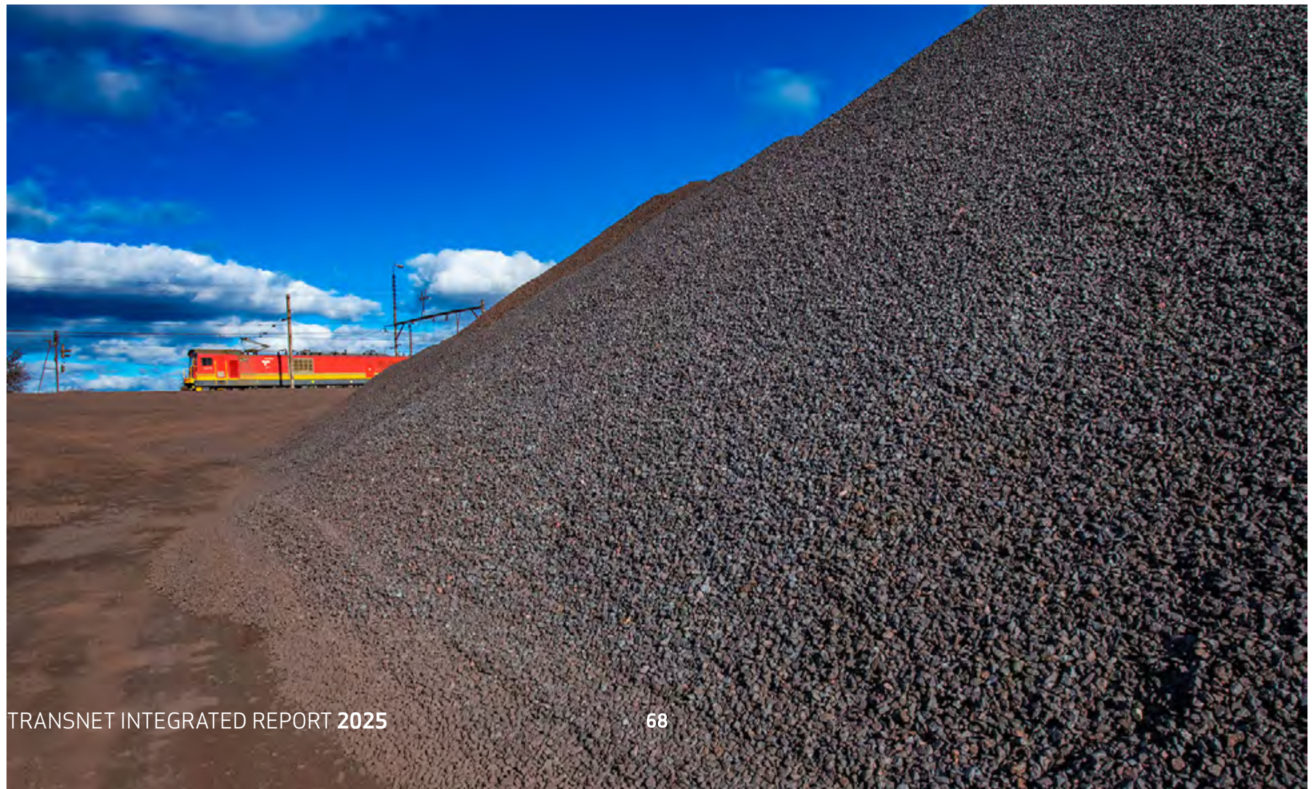
South Africa is a key producer of chrome and magnetite. South Africa's chrome mining activities are concentrated in the North West and Limpopo provinces, with exports channelled through the ports of Richards Bay and Maputo. South Africa remains a key player in the global chrome value chain, with 65% of global chrome ore production and a strong ferrochrome production sector. However, local ferrochrome production is expected to decline from 3,2 mt in 2024 to 2,9 mt by 2029 due to rising energy costs, logistics inefficiencies and competition from low-cost producers in China and India. These structural challenges make ferrochrome production increasingly unviable and accelerate the focus on raw ore exports.

Producers export raw chrome ore to maximise short-term profitability, a strategy that undermines value addition through beneficiation and long-term economic sustainability. Chrome ore export volumes could increase from 12 mt to 14 mt annually, to 15 mt to 18 mt by 2028, contingent on logistics improvements and market access. Stabilising ferrochrome exports at 3 mt to 3,5 mt annually is achievable through logistics and energy management interventions.

Private sector collaboration is essential to secure investments for infrastructure upgrades and capacity expansions, particularly in export corridors shared by coal and chrome. To support the chrome and magnetite sectors, Transnet is prioritising a dual-channel export strategy. This includes partner-driven capacity expansions at the Port of Richards Bay and efforts to improve capacity and efficiency at the Port of Maputo. These expansions will accommodate the migration of chrome and bulk commodities from Durban, creating additional rail-serviced capacity at Richards Bay and optimising the use of existing infrastructure.

Opportunities identified

- **Strengthening cooperation with CFM** (Mozambique's national railway operator) to fortify the Maputo link to enhance export capacity and operational efficiency;
- **Capturing chrome and magnetite demand through operational improvements at the Port of Richards Bay** to capture more of the chrome and magnetite market;
- **Establishing a chrome mega terminal at the Port of Richards Bay** to increase export capacity, enhance operational efficiency and meet growing global demand for chrome and magnetite; and
- **Forming PSPs to fund the operational interventions** needed to sustain business operations and expand the value chain.



Anticipated outcomes of strategic execution

- **Shared utilisation of rail networks, rolling stock and streamlined customs processes** to improve regional integration, asset utilisation and export volumes;
- **Increased rail network and rolling stock availability and reliability,** leading to reduced cycle times and increased volumes; and
- **Increased export volumes** through private sector involvement for increased productivity and capital investments at Richards Bay.

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• **Poor readiness of CFM to accept increased traffic** may prevent seamless movement between South Africa and Mozambique; • **Freight Rail may be inadequately equipped to sustain and expand operations** to feed the Transnet-operated terminals in the Port of Richards Bay; • The **lead times for re-engineering certain locomotives** may result in the continued poor reliability of the fleet in the immediate term; • **Labour may interpret proposed PSP transactions as privatisation** rather than strategic mobilisation of joint resources through PSPs, aligned with Government's ERRP, potentially raising concerns about job security; • **Sensitivity to the magnetite price movement puts the business at risk**; and • **Insufficient locomotives available for chrome volumes.**	• **Continuous engagements with CFM** for integrated train planning to ensure the realisation of benefits of shared networks and rolling stock; • **Structure financing transactions with customers** to acquire the necessary capital, especially for the rolling stock requirements for increased volumes; • **Awarding contracts to alternate locomotive OEMs** to re-engineer the CRRC locomotives to return them to service; • Fostering **consistent, open and transparent dialogue with labour leadership** through structured engagement processes; • Enabling **flexibility in contract management** to hedge against market pricing volatility; and • **Restoring locomotives back to service** from a long-standing fleet.

Priorities for 2025/26FY

- **Advancing PSP initiatives,** particularly feasibility studies for expanding export capacity at Richards Bay;
- **Strengthening collaboration with the Port of Maputo** to drive sustainable volume growth;
- Richards Bay's rail corridor rehabilitation and capacity expansions; and
- **Developing a mega bulk terminal at Richards Bay** through PSPs to address capacity constraints and meet the growing demand for bulk commodity exports.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

05 IRON ORE

While the global iron ore market is under pressure, there are still opportunities to capitalise on short-term growth potential and support its sustainable recovery.

The iron ore segment is South Africa's fourth-largest mining contributor, and a key player in steelmaking. Steel is crucial across the globe for structural engineering, car manufacturing, shipbuilding and general machinery.

The global iron ore market is expected to remain under pressure over the next five years, driven by oversupply and slowing demand in traditional steel markets. Major producers like Australia and Brazil dominate the market, collectively accounting for a significant share of global exports. Emerging players, such as Guinea, are anticipated to further intensify competition by introducing high-grade, low-cost production ores into the market at scale.

Logistics inefficiencies in the Sishen-Saldanha export corridor, declining production levels, rising costs and competition from lower-cost producers have eroded South Africa's competitiveness. These challenges are compounded by Transnet's ageing infrastructure and inefficiencies, limiting the sector's ability to capitalise on global opportunities.

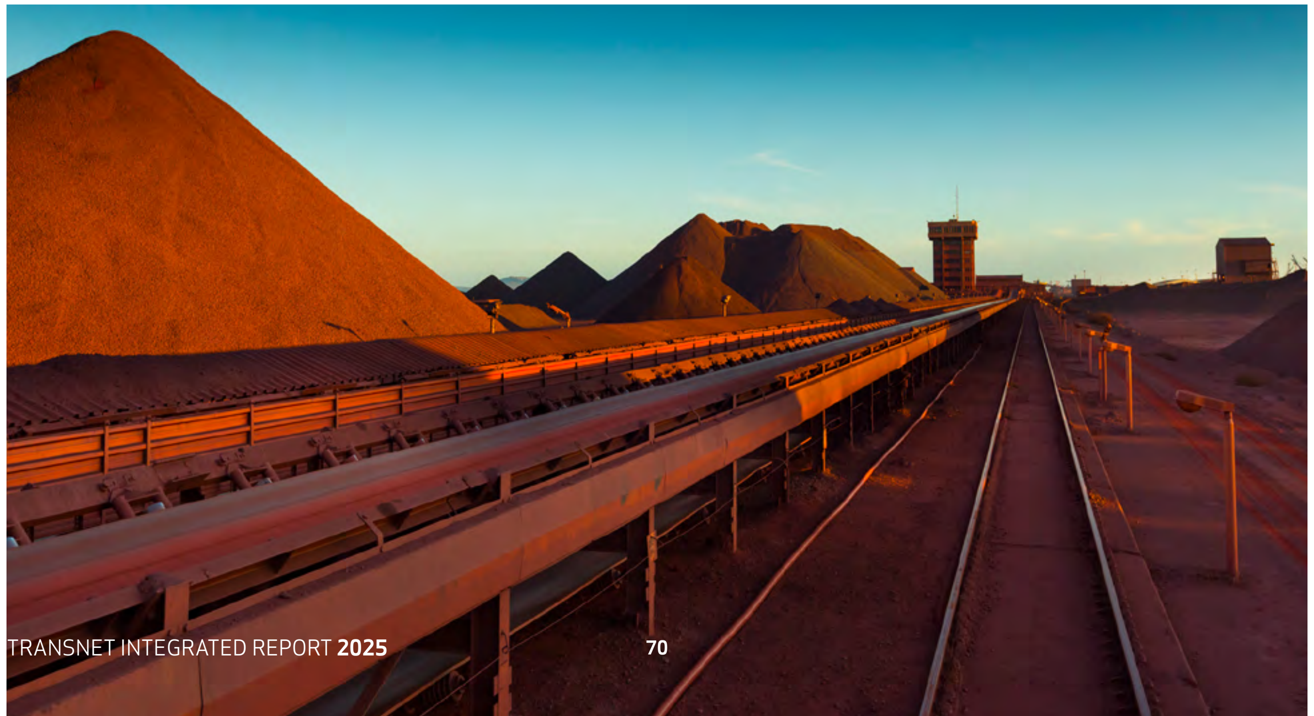
Export volumes declined to below 51 mt in 2023 and are expected to recover gradually, potentially reaching 60 mt by 2028. This recovery hinges on addressing structural logistics and infrastructure issues. Transnet's challenges and South Africa's reliance on mid-grade ore pose significant barriers to competing in an oversupplied market. These constraints limit revenue growth and threaten jobs in mining-reliant regions like the Northern Cape.

In the short term, Transnet will prioritise phased rail and port capacity restoration while improving operational efficiencies. Interventions include improving the quality of the rail network, ensuring a sufficient and dependable supply of rolling stock and improving the reliability of port equipment. Transnet, in collaboration with industry and the NLCC, will prioritise rail and port asset maintenance on the Sishen-Saldanha corridor to minimise operational disruptions and restore capacity to 60 mtpa.

In the medium term, the Freight Logistics Roadmap identifies the Sishen–Saldanha iron ore export corridor as a critical area for improvement. The roadmap proposes concessioning the iron ore export channel, encompassing rail and port operations, to private entities. This approach, led by the Department of Transport, will alleviate bottlenecks that have hindered the mining sector. This aligns with Government's broader strategy to modernise logistics through PSP, boosting the mining sector's competitiveness and supporting economic growth.

Opportunities identified

- **Capitalising on the sector's short-term growth potential,** including the increasing presence of emerging miners. This trend is amplified as the global seaborne market experiences undersupply, and demand for South Africa's higher-grade ore remains strong;
- Addressing short-term demand requires **restoring and optimising current port and rail capacity in the Saldanha export channel** to meet contracted volumes effectively;
- **PSPs will focus on initiatives and investments to maintain assets, reinstate operations to their intended capacity,** and enhance operational efficiencies;
- **Exploring alternative operating models** tailored to fulfil the logistics requirements of emerging miners; and
- **Monitoring market conditions in the medium** term to guide the timing and approach to investments for future capacity requirements.



Anticipated outcomes of strategic execution

- **Reinstated installed capacity** to meet contractual commitments and increase volumes and revenue;
- **A lower capital burden** and increased PSPs to sustain the channel;
- **Restored infrastructure assets and improved operational performance** to deliver on contracted volumes, improve customer satisfaction and create incremental capacity where possible;
- **Capital efficient asset-use scenarios** for handling iron ore and manganese in the corridor; and
- Design development and securing of environmental authorisations for the planned MPT bulk berth to **expedite expansionary investments** if required.

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• **Deteriorating port and rail asset conditions** increase operational disruptions and volume losses, eroding current export capacity; • **Local iron ore production may steadily decline** by an average of 1,2% from 2023 to 2031, with a declining proportion of higher value lump ore; • **The depletion of reserves or reduced quality of iron ore** introduces uncertainty regarding the life of mines and sustainability of medium- to long-term production output; • **Substantial investments** to increase production capacity for exports, combined with the volatile, negative price outlook, will influence the viability of investments • **Rail reform and broader economic regulation** introduce new commercial contracting regimes impacted by the structuring of private sector transactions; • **Misalignment between Transnet, the private sector, the Department of Transport,** and regulators on the scope, risk-sharing, or performance expectations of PSP transactions may result in delays or failure to reach commercial close; • **Increasing pressure to reduce carbon emissions and adopt sustainable practices** may lead to stricter environmental regulations and higher compliance costs, potentially impacting project feasibility and timelines; and • A **sustained oversupply in the market could depress commodity prices** to levels as low as $50 per tonne, threatening the financial viability of related infrastructure and logistics investments.	• Elevating and supporting **collaborative stewardship structures with industry** to optimise operational performance, asset utilisation and asset condition management in the channel; • Close **monitoring of market conditions and commodity price** movements to stay ahead of projected market volatilities and changes that could influence expansion tranches; • Developing **investment and operational risk-sharing models** through introducing attractive long-term commercial contracting models in various elements of the export value chain; • Adopting **environmentally friendly handling and storage methods for iron ore to reduce contamination risks;** • Investing in **greener technologies, such as electrified rail systems or hybrid locomotives;** • Implementing **rigorous cost-optimisation strategies** across mining and logistics operations; • **Seeking short-term options enabling private sector investment** in the restoration of the rail network, rolling stock and port handling equipment; and • Developing a **strategic partnership and investment framework** to guide the structuring of transactions in the rail and port components of the value chain.

Priorities for 2025/26FY

- **Phased restoration of rail and port capacity** coupled with targeted initiatives to enhance operational efficiency across the logistics system;
- **Immediate focus on rail, rolling stock and port asset maintenance** along the Sishen–Saldanha corridor to minimise disruptions and progressively restore throughput capacity to 60 mtpa; and
- **Project preparation for the introduction of strategic PSPs,** including the proposed concessioning of the iron ore export channel, covering both rail and port operations, to unlock investment, improve service reliability and boost long-term capacity.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

06 MANGANESE

Transnet has identified numerous growth opportunities to strengthen South Africa's manganese sector and broaden participation for emerging miners.

South Africa is a dominant global manganese player, holding 80% of the world's known manganese reserves and accounting for approximately 45% of global export sales. South Africa's high-grade manganese ore is important to global steelmaking, where it enhances strength and durability. Local manganese ore, particularly from the Northern Cape, is valued for producing efficient, low-emission steel. The rising use of manganese in electric vehicle batteries adds another opportunity, highlighting the mineral's strategic importance in the global energy transition. This dual demand positions South Africa at the centre of traditional markets and emerging green technology industries.

The manganese market faces mixed demand prospects. China, the largest consumer, has seen declining steel production due to structural challenges in its real estate sector and an industrial activity slowdown, reducing domestic manganese consumption. However, other regions such as India, South-east Asia and the Middle East are expanding steelmaking capacities, which, together with manganese's role in electric batteries, will drive medium-term demand.

Ageing infrastructure, rising electricity tariffs and escalating transport costs undermine local manganese producers' profitability and competitiveness. Logistics inefficiencies, especially along rail corridors and at the ports, restrict producers' ability to meet export potential. Reliance on low-grade ore exports limits South Africa's ability to command premium prices and compete with lower-cost producers like Gabon and Australia, putting pressure on its market share.

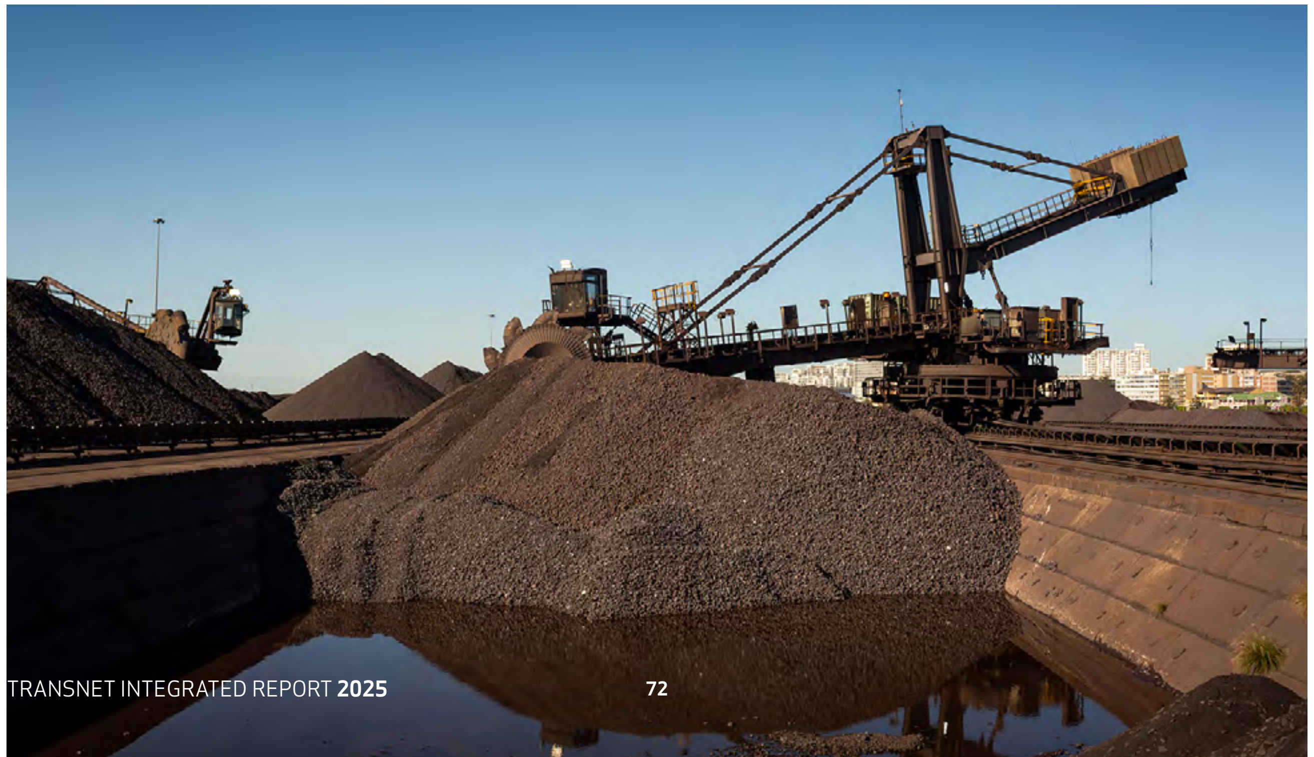
Despite these challenges, South Africa has substantial opportunities to grow the sector. The country currently exports around 20 mt of manganese ore annually. According to the National Rail Master Plan's draft Freight Demand Model (August 2024), exports could reach 24 mtpa by 2026. Achieving this will require increased logistics capacity, particularly in the Eastern and Western Cape ports and rail corridors linked to the Northern Cape and infrastructure upgrades, including expanded rail and port facilities.

Transnet's manganese segment strategy incorporates the upward forecast of 24 mtpa, prioritising the balancing of exports through the Ngqura and Saldanha channels. This approach aims to meet increased demand more efficiently while phasing out the outdated Port Elizabeth Bulk Terminal.

The strategy envisions framing PSP within the Freight Logistics Roadmap to deliver a combined rail and port capacity of 12 mtpa through Ngqura and 12 mtpa via Saldanha. These partnerships could include a vertically integrated rail and port concession to fund the construction and operation of a new 12 mtpa bulk manganese export terminal at the Port of Ngqura and supporting rail capacity expansion along the Cape Corridor to align with the terminal's output. Similar investments will enhance the Port of Saldanha's export capacity with a possible overlap with the envisaged iron ore concession.

Opportunities identified

- **Using a dual channel export strategy,** Transnet will seek to expand export capacity to at least 24 mtpa via the Ngqura and Saldanha channels, supporting the growth and global competitiveness of the manganese industry;
- **PSPs to develop the necessary terminal and rail capacity** for the successful execution of the dual channel export strategy; and
- Facilitate access to export capacity for **emerging miners,** fostering industry inclusivity and growth.



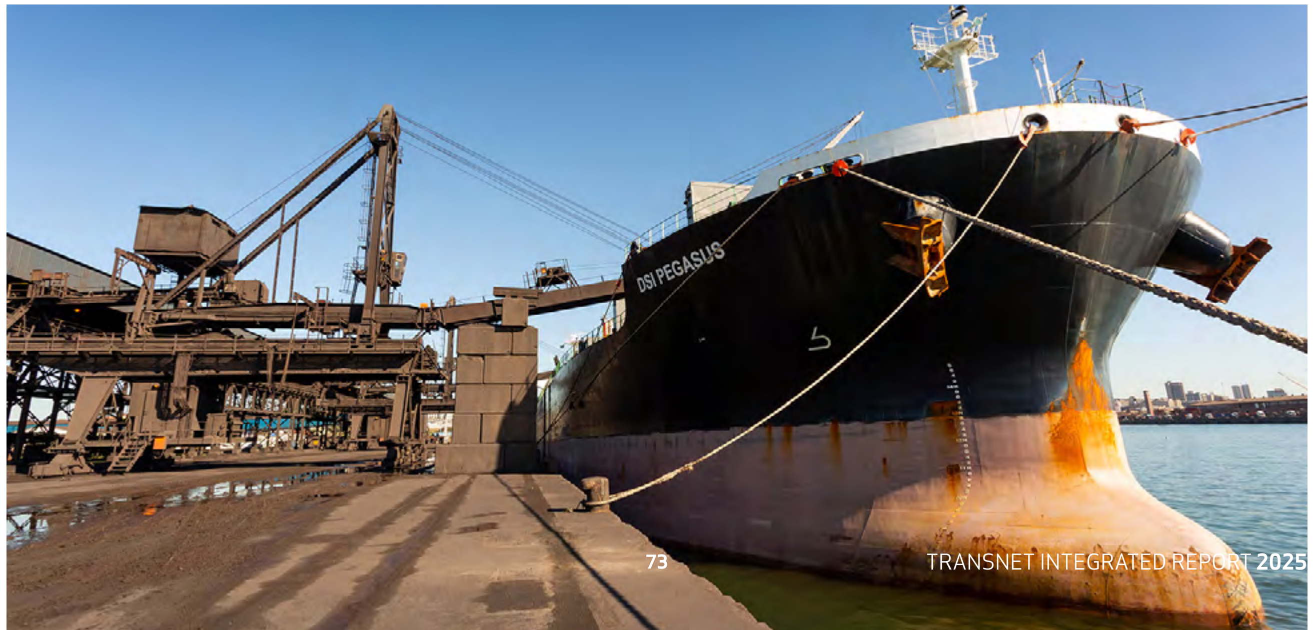
Anticipated outcomes of strategic execution

- Ability to **meet and exceed annually contracted volumes;**
- **Increased capacity** to meet current contracted demand and demand growth of a minimum of 24 mtpa;
- **Migrate volumes from road to rail;**
- Increased **customer service satisfaction;**
- Increased **contribution to the fiscus;**
- **Reduced burden on Transnet's balance sheet;**
- **Shared risk with the private sector** where appropriate; and
- **Transformative capacity creation for emerging miners.**

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• **Deteriorating operational performance due to asset condition and utilisation** is a contractual and reputational risk for local producers; • The **high cost of expansion** could render domestic producers uncompetitive; • **Increasing commodity price volatility** due to market oversupply poses an investment risk; • **Increasing environmental compliance** could increase production costs; • Non-aligned rail and port expansions result in a **capacity to demand mismatch,** which would delay volume uptake; • **Rail reform and broader economic regulation introduce uncertainty** regarding current commercial contracts and the structuring of private sector transactions; and • **High upfront capital requirements and uncertainty around volume guarantees may discourage private sector participation** in PSP transactions unless supported by well-structured risk-sharing frameworks.	• **Increased maintenance of the rail network, rolling stock and port handling equipment** to improve operational performance; • **Monitoring market conditions,** commodity price movements and cost curve adjustments to ensure Transnet adapts its activities and investments; • Value engineering of capital investments for expansion initiatives to **reduce the Rand per tonne cost;** • Maintaining **integrated planning and programme execution and oversight structures** to ensure continuous alignment of port and rail project milestones; • Developing a **framework for expansion of capacity** based on more sustainable technical solutions; • **Utilise innovative partnership-based funding models** with the private sector to secure funding for investments in rail infrastructure and rolling stock, inland loading terminals, and port terminals before construction; and • Position **PSPs as aligned with ERRP goals** and focused on inclusive, long-term industry sustainability.

Priorities for 2025/26FY

- Framing PSP to deliver a combined rail and **port capacity of 12 mtpa through Ngqura and 12 mtpa via Saldanha;** and
- Partnerships may include a **vertically integrated rail and port concession.**



TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

07 ENERGY

The liquid fuels and gas sectors play a vital role in South Africa's current and future energy mix, with Transnet positioned as a critical logistics enabler for both markets. The Company's strategic focus and investment planning are informed by this role.

Transnet's energy segment comprises traditional oil and gas products and green hydrogen and its by-products. The liquid fuels and gas markets play key roles in the current and future energy mix for South Africa. Traditional petroleum products, such as diesel, petrol, and jet fuel, are increasingly impacted by global shifts toward green energy and electric vehicle adoption. These trends point to lower demand for liquid fuels, particularly post-2040, with a potential further decline after 2050. In response, Transnet is re-evaluating the phased expansion of the Multi-Product Pipeline (MPP), focusing instead on optimising existing capacity and expanding market access with minimal new investment.

One example initiative is the Transnet Fuel Import Terminal (TFIT) at the Durban Coastal Terminal, a partnership-based, common-user import facility. This project will maximise the use of existing infrastructure, support transformation by enabling market access for historically disadvantaged entrants and increase volumes on the MPP. Higher throughput will help reduce the cost per litre and shift volumes from road to pipeline, supporting Transnet's decarbonisation efforts.

The transition to cleaner fuels will require costly refinery upgrades to meet new specifications. The proposed $10 billion crude oil refinery in Richards's Bay being developed through a partnership between South Africa's Central Energy Fund (CEF) and Saudi Aramco, will be a game-changer. Expected to come online by 2028, this refinery will be able to produce cleaner oils to meet domestic and regional demand. It will encourage a shift away from older refineries and imported finished products and further reinforce the strategic importance of Transnet's pipeline network.

The natural gas segment is a fledgling market in South Africa, accounting for only 3% of the energy mix. This will evolve as a complementary power-generation source through the Gas-to-Power Programme, helping to close the gap between peaking capacity requirements and baseload capacity. Complemented by increasing projected volumes of gas available regionally and the recent discovery of potentially significant offshore reserves,

Opportunities identified

- **Lease renewals at the Island View Precinct in Durban,** a strategic location with direct links to fuel pipelines and nearby oil facilities, could enhance Transnet's role in the energy infrastructure network;
- **Efficient use of the New MPP (NMPP) installed assets** will improve efficiency, reliability and provide cost incentives for the market to utilise these assets;
- A fuel import terminal and accumulation facility developed at the Port of Durban to **promote improved access and accommodate demand for refined product imports;**
- **Industry engagement on renewing LNG imports and developing infrastructure** for LNG terminals, road-rail loading and gas transmission pipelines at the port of Ngqura, Richards Bay and Saldanha Bay;
- Participation in the **LNG terminal and pipeline projects** at the Ports of Richard Bay and Ngqura, facilitating both physical and virtual pipelines; and
- **Developing a Northern Cape green port** to support the production and export of green hydrogen and its by-products.

Transnet's role as an enabler of this fuel-efficient energy source is quickly increasing in significance. LNG is expected to play a major role in transitioning from fossil fuels to green fuels.

Partnership-driven investments to support three key natural gas entry points are planned at the ports of Richards Bay, Ngqura and Saldanha. The Richards Bay and Ngqura investments are being fast-tracked to align with planned anchor investments in peaking power-generation facilities in the respective industrial development zones, with the added potential to link to the Lilly Pipeline from the Richards Bay LNG Terminal. Virtual pipelines via rail or road are under consideration for the Ngqura and Saldanha investments to enable inland and regional market access, with many potential applications to be facilitated through the Independent Power Producer Programme.

There is a significant focus on developing green hydrogen (and its by-products) for the production and export of the in-demand commodity. Investigations into options in the Northern Cape are underway, with the potential development of manufacturing and export facilities at the Port of Boegoebaai creating an ideal opportunity to play a role in the development of this market.

Anticipated outcomes of strategic execution

- **A multi-pronged approach to growing market share in the short term using Transnet's current assets,** mainly the NMPP, and targeted augmentation and optimal use of the current asset base;
- **Improved operational efficiencies, less supply security risk and better access for new market entrants** through developing the Island View Precinct accumulation facility and fuel import facility;
- The **long-term inevitable transformation of the sector and Transnet's environmental stewardship role** in enabling a shift towards repurposing the existing pipeline and associated infrastructure towards a broader and cleaner energy portfolio; and
- Developing a **sustainable energy portfolio to support South Africa's decarbonisation agenda.**

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• **Major customers are unwilling to enter long-term, volume-related contracts due to vandalism and fuel theft** on the Durban to Johannesburg (NMPP) pipeline. This could result in further pipeline volume lost to road transport, increasing road traffic incidents and the national carbon footprint; • An **anticipated demand decrease in liquid fuels post 2030** due to competing energy technologies and alternative green energies, leading to a long-term decrease in volumes; • **New import market entrants lack the financial capacity and stability** to co-invest in additional import capacity and associated infrastructure; • If the **existing pipeline network and associated infrastructure cannot be re-purposed for long-term sustainability** within a green energy portfolio, Transnet may need to disinvest from the pipeline business to limit long-term financial exposure; and • **External stakeholder resistance** to energy segment strategy plans and associated initiatives.	• Various interventions and leading practice monitoring technology have been adopted to **monitor and manage vandalism on the pipelines;** • Leveraging the tariff to **incentivise the use of the pipeline over road transport;** • Applying for concessions to the pipeline tariff to drive the decarbonisation initiative; • **Engaging Government to provide financial support to previously disadvantaged entrants** wishing to participate as partners in the value chain; • **Prioritising and expediting new value-chain opportunities** to grow import markets and ensure appropriate competencies and infrastructure, tools and assets to support new value chain tasks; • Expediting **research and development studies to repurpose the existing pipeline network and infrastructure,** given competing energy technologies and international trends; • A **robust stakeholder engagement and communications strategy** must be developed and implemented; and • Developing a **sustainable energy portfolio** to support South Africa's **decarbonisation agenda.**

Priorities for 2025/26FY

- Completing **partner procurement or similar co-funding agreement processes** for key projects;
- **Completing the NMPP system phase 1B development** of the nine accumulator tanks;
- **Developing the TFIT Project** at the Durban Coastal Terminal. This includes appointing an engineering, procurement and construction service provider and commencing the execution phase by November 2025;
- **Finalising the incorporation of a special purpose vehicle (SPV) partnership to develop the Richards Bay Natural Gas Network (RB-NGN) LNG Terminal to import LNG.** The development of the LNG import facility (berthing, receiving and transmission infrastructure) at the Port of Richards Bay, potentially includes the connection to the Lilly Pipeline;
- **Completing the pre-feasibility study for the RB-NGN LNG terminal and gas connection** from the terminal to Lilly Pipeline and Eskom's 3000 MW site at the RB-IDZ;
- **Upgrading the Lilly Pipeline** to include reversing the flow and welding activities to enable the movement of LNG. This includes completing the feasibility study, concluding the heads of agreement for reserving capacity and making the final investment decision for the Lilly Repurposing Project phase 1 by December 2025;
- **Securing a partner or a co-funding agreement for the natural gas import facilities** at the Port of Ngqura and the Port of Richards Bay;
- **Reviewing the gas strategy** to ensure optimal asset utilisation and cost optimisation; and
- Ensuring Pipelines are **equipped with gas sector skills and resources.**

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

08 AGRICULTURE

Transnet aims to support private sector initiatives to capture a larger rail market share and foster growth in the agricultural sector. The agricultural sector is crucial for national food security and economic development and depends on Transnet for efficient and responsive logistics solutions.

The agricultural sector represents a rapidly expanding area for Transnet, particularly given the meteoric rise of the fruit industry, which is quickly exceeding the capacity of road haulage. South Africa has established a strong global position as a noteworthy exporter of pomme fruit (apples and pears), citrus and grapes. This reinforces robust export ties to European and Asian markets.

Agricultural exports are projected to grow significantly, fuelled by increasing global demand for high-quality products. The fruit sector, is expected to achieve annual export growth of 6% to 8%, with Europe, Asia and the Middle East as primary markets. Similarly, the grain sector, particularly maize and wheat, is anticipated to expand by 4% to 6% annually, driven by strong demand from sub-Saharan Africa and improved domestic yields.

By supporting the agricultural sector, Transnet can be a crucial enabler for Government's ERRP and national economic strategy. The rail sector is pivotal in addressing bottlenecks in agricultural products logistics. For the grain sector, rail demand is projected to increase by 20% to 25% over the next five years, contingent on branch line rehabilitation and the integration of private train operators. Rail is critical for transporting bulk grain from inland production hubs to local milling plants and to export ports, with Durban and East London as key nodes. To support this growth, investments in silo infrastructure and conveyor systems at these ports will be necessary to enhance capacity and efficiency.

In the fruit sector, the demand for refrigerated rail solutions is expected to grow by 10% to 15% annually, driven by the rising export of high-value produce. Rail connectivity to cold chain facilities is critical for supporting these exports, particularly from the Western Cape, KwaZulu-Natal and the Eastern Cape. Key export ports, including Cape Town, Durban and Ngqura, require significant upgrades to reefer capacity and cold chain infrastructure to maintain competitiveness and meet growing demand.

Opportunities identified

- **Third-party rail access** to encourage proactive industry participation, potentially fostering innovation and investment;
- Broader support of **private sector-led investments** in agri-sector rail and port assets;
- **Implementing a value chain approach** to tap into the sector's growth potential, both locally and internationally;
- **Harnessing international cold chain standards** and other key performance indicators to create rail-friendly solutions; and
- **Introducing intermodal solutions across agricultural commodities.** This model, largely drawn from the fruit value chain, could radically transform the efficiency and capacity of agricultural transport solutions.

The broader agriculture industry, encompassing sugar, timber and processed products, relies on rail to reduce logistics costs and improve supply chain efficiency. General cargo handling capabilities at multi-purpose terminals, such as those in Richards Bay and Durban, must be enhanced to meet the sector's evolving needs.

The sector has experienced significant technological advancements in equipment and operating models. Sustainability trends are compelling exporters to shift from road to rail transport, which offers a greener alternative. In parallel, cold chain logistics for perishable exports are becoming essential to meet global compliance standards, increasing the demand for integrated intermodal solutions and collaboration with specific industry bodies. Transnet is pursuing PSP to integrate cutting-edge solutions into our rail and port operations. These solutions will enhance efficiency and strengthen the agricultural sector's global competitiveness.

Anticipated outcomes of strategic execution

- The migration of volumes from road to rail, with significant **growth in the rail market share** for the agricultural industry;
- **Increased market access and reduced cost of logistics,** prompting further growth in the agricultural industry; and
- Efficient port terminal operations enabling **greater volume throughput** and improved financial results.

KEY SEGMENT RISKS DIRECTING TRANSNET'S STRATEGIC RESPONSES	TRANSNET'S STRATEGIC RESPONSES
• **Significant investment is required** for many greenfield or brownfield inland consolidation facilities, and in some cases, mothballed branch lines; • **Investments required to reinstate and increase capacity** in grain export/import facilities; • **Lack of rail density** causing viability challenges; and • **Market volatility and peaking due** to seasonal and easily disrupted production characteristics – planning for the peaks is not viable from an asset utilisation perspective.	• **Partnership approach to investment,** with the industry informing the planning of the solutions, and the private sector assuming financial risks for investing in inland consolidation facilities and grain export/import facilities; • **Concession-based model for branch lines,** with the private partner assuming the fixed cost responsibility for maintaining and restoring infrastructure while integrating with Transnet's rail operations either via hook-and-haul or third-party access operating models; and • **Integration with industry planning and forecasting processes** to understand and capacitate according to realistic and appropriate target setting.

Priorities for 2025/26FY

Development of a value chain-based portfolio of initiatives:

- The **concessioning of branch lines** to be developed by the Department of Transport to allow private sector operators to manage associated costs (particularly for rehabilitating and operating strategic lines serving agricultural hubs);
- **Developing cold chain and intermodal infrastructure,** including inland reefer terminals, developed through siding leases, to integrate with rail networks to facilitate seamless transport of perishable goods;
- At the ports, PSPs can drive the **expansion of reefer capacity;**
- Leverage a **private sector partnership** for the design, refurbishment, marketing, operation and maintenance of the landside facilities at the **East London Grain Elevator**; and
- **Private investment in wagon fleets** and the **establishment of agriculture-specific training operating companies** to encourage competitive and sustainable rail services.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

MULTI-SEGMENT INITIATIVES

Boegoebaai port and rail development

Base metals from the Northern Cape are exported via the Ports of Saldanha, Cape Town, Port Elizabeth, Ngqura, Richards Bay and Durban. Existing rail and port corridors, particularly the Eastern Cape and Saldanha as the primary export channels, are fully subscribed. Rail network and port terminal capacity limits prevent new and emerging market entrants from gaining access to export channels. Growth in dry bulk cargo from the Northern Cape mining region relies on long-distance road transportation to alternative ports, which is only viable under high commodity price regimes.

The Northern Cape province has identified a new deep-water port as a critical enabler for unlocking mineral export growth and realising the province's Green Hydrogen Master Plan. The new deep-water port is adjacent to the Boegoeberg mountain and is characterised by naturally deep water with the 20 m depth contour situated only 250 m offshore (hence no dredging necessary), extensive vacant land behind the water line, and nearby rock sources for port construction material. Transnet performed a high-level concept exercise in 2022 to understand the rail route options available and their corresponding cost estimates and delivery times. The three specific rail options identified were further refined through an RFQ process. A supplementary, optimised bulk export channel from the mining and industrial complex in the Northern Cape to the port was identified for a two-phased development.

The Boegoebaai Port and Rail Development Project involves constructing a greenfield deep-water port with two initial deep-water berths and developing a 550 km rail network connecting the port to the province's mining and industrial hubs. This dual infrastructure will facilitate the efficient movement of bulk cargo, reducing reliance on road transport and alleviating pressure on existing, oversubscribed export corridors.

With a phased development approach, the Boegoebaai initiative has the potential to position the Northern Cape as a key Southern African logistics and industrial hub, driving economic growth while promoting environmental and regional integration. Transnet's objectives include fostering industrialisation, enhancing export logistics and establishing a green hydrogen export hub. It is also expected to create jobs, address unemployment, improve skills development and support youth and emerging contractors.

Transnet and the Northern Cape Economic Development Agency are preparing the project to mitigate risks, attract investment and align with stakeholder goals.

Rolling stock leasing company (LeaseCo)

Transnet is establishing a LeaseCo to refurbish underutilised B-fleet locomotives and wagons for lease. This initiative will enable the third-party access programme, addressing rolling stock shortages private operators face. Establishing a leasing company aligns with best practice among rail and port operators, providing an effective model for supporting PSP in rail operations. As private sector operators increasingly access rail operations through initiatives like slot sales, the need for rolling stock through lease agreements is expected to grow. This leasing business unit will drive Transnet's revenue diversification and stimulate demand for its manufacturing, remanufacturing and engineering services, solidifying its position in the market.

Freight Rail has assessed its available rolling stock to inform financial models for a bankable feasibility study, ensuring compliance with National Treasury requirements. The targeted fleet includes general-purpose diesel locomotives and associated wagons, which will be leased to private third-party operators, regional operators and Freight Rail for essential services.

The Engineering business model must change due to policy shifts and potential increased demand for rolling stock from private sector train operating companies. The Operating Division will move away from its traditional reliance on rail maintenance, shifting its focus towards its core heavy engineering capabilities, particularly in rolling stock manufacturing and remanufacturing.

Branch lines

Historically, Transnet has presented branch line opportunities to the market through competitive tender processes, focusing on facilitating private sector access and ensuring effective integration with the main line. However, the concession-based approach has not achieved the desired outcomes, primarily due to inadequate funding for branch line rehabilitation, maintenance and operation. Government subsidies or direct capital injections are financially unviable and unsustainable in the long term.

Under the Freight Logistics Roadmap and the Department of Transport PSP Framework, the management of branch lines will undergo a strategic realignment. The Department of Transport has assumed full responsibility for the scoping, development and facilitation of PSP transactions for branch lines from this current financial year. The PSP model will expand the capital base for branch line investments and enhance operational efficiency. The Department of Transport will ensure a nationally coordinated and sustainable approach to branch line revitalisation, moving away from reliance on unsustainable subsidies. The framework is a significant step forward in addressing the challenges facing branch lines, enabling economic development and serving the needs of rural and agricultural communities effectively.

While Transnet remains a key stakeholder, its role, via the TRIM, will focus on facilitating access and managing interfaces between branch lines and the core network.

CAPITAL **OVERVIEW**

Transnet plans to spend R127,7 billion on capital investment over the next five years, of which R108,2 billion (84,7%) will be sustaining capital focused on projects to maintain and refurbish our infrastructure.

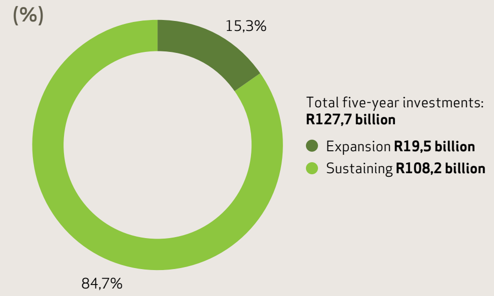
Key budget principles for the five-year planning cycle required, among others, the realisation of segment strategies and the incorporation of PSP opportunities to ease the funding burden. While Transnet's Capital Investment Plan is mainly sustaining capital-focused, the segment strategies seek expansion and transformation. However, these two focus areas are harmonised in the overall investment planning approach. The following capital table focuses on the on-balance sheet funded portfolio. The Funding Plan outlines various off-balance sheet funding opportunities.

R million	Budget 2025/26	Projections 2026/27	2027/28	2028/29	2029/30	Total five years
Operating Division						
Freight Rail	8 523	8 456	7 325	6 785	6 906	37 995
Rail Infrastructure Manager	7 944	7 956	8 472	8 104	9 784	42 260
Engineering	496	–	–	–	–	496
National Ports Authority	2 759	2 685	2 776	2 928	3 591	14 739
Port Terminals	4 040	4 100	3 854	4 746	4 646	21 386
Pipelines	493	2 148	2 691	2 362	434	8 128
Property	485	–	–	–	–	485
Corporate Centre	538	407	384	380	474	2 183
Total	25 278	25 752	25 502	25 305	25 835	127 672

Five-year expansion versus sustaining capital investment

The investment focus is on critical infrastructure and addressing the long-standing maintenance backlog. R19,5 billion (15,3%) of the total five-year investment is planned for expansion capital and R108,2 billion (84,7%) for sustaining existing volumes.

Sustaining capital not only includes maintenance capital, but also the replacement of assets to sustain volumes. The maintenance section addresses the maintenance plans.



TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

ASSET TYPE (SUSTAINING)

The Freight Rail investments are part of the Freight Rail strategy to intensify focus on locomotive maintenance and return long-standing locomotives to service, and reliability improvements of rolling stock for the core business are included in the capital budget with a sizeable portion of the R108,2 billion sustaining capital planned to be spent on rail for permanent ways, locomotives and wagons (R65,0 billion, 60,1%). The split between Freight Rail and the Rail Infrastructure Manager is depicted in the following table.

Similarly, the accelerated replacement of end-of-life port equipment to improve port turnaround times and volumes requires ongoing focus and R23,7 billion (21,9%) of the R108,2 billion sustaining capital will be spent on port facilities. The bulk of the R23,7 billion on port facilities is for Port Terminals (79,1%).

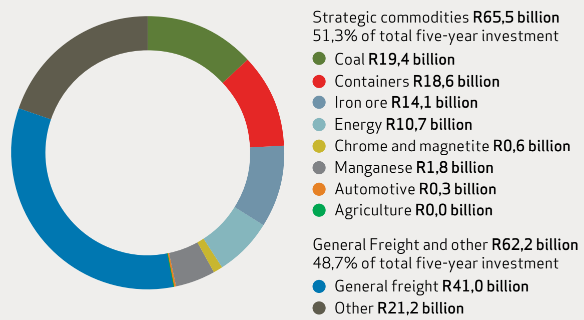
	Rail		Port			
R billion	Freight Rail	Rail Infrastructure Manager	Port Terminals	National Ports Authority	Other	Total five years
Permanent ways	50	33 788	–	–	–	33 838
Locomotives	11 547	–	–	–	–	11 547
Wagons	18 271	1 378	–	–	–	19 649
Port facilities	–	–	18 717	4 948	–	23 665
Floating craft	–	–	–	841	–	841
Land, buildings and structures	550	309	536	525	1 202	3 122
Pipeline networks	–	–	–	–	1 621	1 621
Intangible assets and other	–	–	941	42	963	1 946
Machinery and equipment	2 991	5 134	100	1 326	2 395	11 946
Total	33 409	40 609	20 294	7 682	6 181	108 175

KEY STRATEGIC COMMODITIES

Transnet plans to spend R65,5 billion (51,3%) of the total five-year capital investment of R127,7 billion on projects that support the strategic segments of coal (15,2%), iron ore (11,0%), containers (14,6%), energy (8,4%), manganese (1,4%), chrome and magnetite (0,5%) and automotive (0,2%). The balance of R62,2 billion (48,7%) is planned for projects supporting General Freight and other non-strategic segment commodities.

FIVE-YEAR CAPITAL INVESTMENT BY COMMODITY SEGMENT (%)

Total five-year investments: **R127,7 billion**



GENERAL FREIGHT BUSINESS

General Freight business accounts for R41,0 billion (32,1%) of the total five-year capital investment.

The following table reflects the five-year capital investment for the General Freight business. In line with structural reform progress, in the separation of the rail operations and rail network functions, general freight is split between the Rail Infrastructure Manager, accounting for R25,0 billion (61,0%) of the total, and Freight Rail accounting for the remaining 39,0%, R16,0 billion.

		Projections				
R million	Budget 2025/26	2026/27	2027/28	2028/29	2029/30	Total five years
Rail Infrastructure Manager						
Permanent ways	49	151	257	195	212	864
– Expansion – Partial doubling link: Port of Richards Bay-Nsezi	–	53	84	–	–	137
– Expansion – Tzaneen triangle	–	9	–	–	–	9
– Other sustaining	49	89	173	195	212	718
Wagons	35	174	388	136	168	901
– Wagon renewal – sustaining	30	174	388	136	168	896
– Other sustaining	5	–	–	–	–	5
Capitalised operating expenditure – sustaining	3 375	4 357	3 780	4 298	6 090	21 900
– Capitalised operating expenditure – Permanent ways	3 355	4 299	3 682	4 148	5 939	21 423
– Capitalised operating expenditure – Wagons	20	58	98	150	151	477
Other sustaining	450	266	190	324	116	1 346
– Land, buildings and structures	8	9	–	–	–	17
– Machinery and equipment	442	257	190	324	116	1 329
Total	3 909	4 948	4 615	4 953	6 586	25 011

For the Rail Infrastructure Manager, 87,5% (R22,0 billion) of the total R25,0 billion will be allocated to capitalised operating expenditure related to the General Freight business.

		Projections				
R million	Budget 2025/26	2026/27	2027/28	2028/29	2029/30	Total five years
Freight Rail						
Permanent ways	30	20	–	–	–	50
– Sustaining: Standby diesel generators nationally	30	20	–	–	–	50
Locomotives	1 539	1 485	174	–	–	3 198
– Expansion: 240 BT locomotives	1 529	1 475	164	–	–	3 168
– Sustaining: Locomotive spares	10	10	10	–	–	30
Wagons	64	38	44	21	26	193
– Sustaining: Wagon fleet renewal	64	38	44	21	26	193
Capitalised operating expenditure	2 527	2 343	2 287	2 434	2 474	12 065
– Capitalised operating expenditure – Locomotives	1 584	1 337	1 259	1 313	1 589	7 082
– Capitalised operating expenditure – Wagons	943	1 006	1 028	1 121	885	4 983
Other sustaining	79	126	96	99	73	473
– Land, buildings and structures	–	13	–	–	–	13
– Machinery and equipment	79	113	96	99	73	460
Total	4 239	4 012	2 601	2 554	2 573	15 979

For Freight Rail, 75,5% (R12,1 billion) of the total R16,0 billion will be allocated to capitalised operating expenditure related to General Freight business.

Capitalised operating expenditure refers to maintenance costs that Transnet can capitalise and amortise over time when the maintenance activity has an enduring and long-standing benefit. This practice aligns with IFRS recommendations adopted by Transnet. The Transnet policy allows asset refurbishment with a lasting benefit of three to 95 years to be capitalised. Given the size of the investment, it is also critical that capitalised operating expenditure is appropriately spent. Accordingly, a three-year rolling capitalised operating expenditure budget was prepared. An asset maintenance policy with associated asset care principles was, therefore, drafted and approved by Transnet's governance committees. This policy is discussed in the maintenance strategy section of this chapter.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

The General Freight business presents numerous opportunities to address the Government's objectives of:

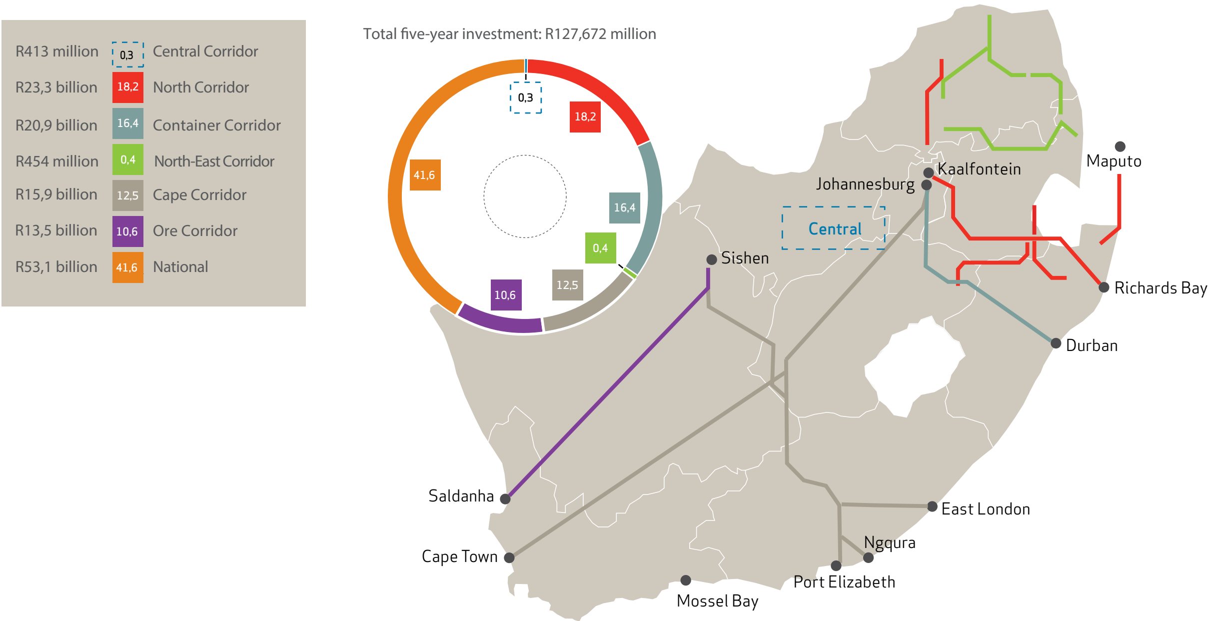
- Preserving road infrastructure through the road-to-rail migration strategy;
- Stimulating economic activity through growth in the commodities sector by creating the necessary logistics capacity; and
- Job creation through localisation.

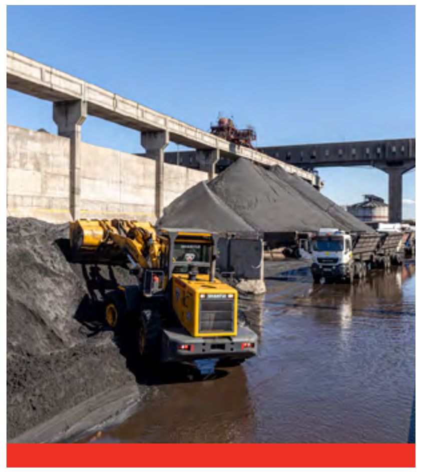
Five-year capital investment by corridor

Transnet's railway track is structured into six corridors within the rail network, each associated with nodes and ports.

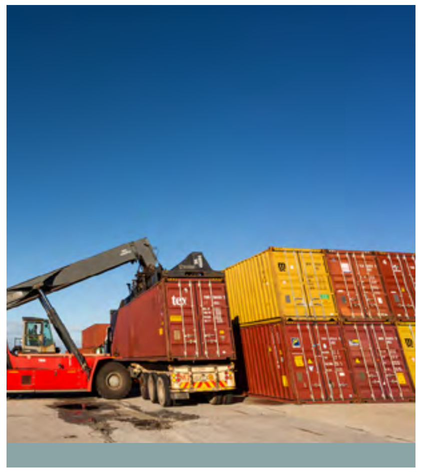
A sizeable portion of the R127,7 billion Transnet plans to spend over the next five years (R74,5 billion, 58,4%) will be spent on Transnet's six corridors. The remainder (R53,1 billion, 41,6%) will be spent on national country-wide investments.

Allocation of five-year capital investment





The North Corridor
This corridor utilises R23,3 billion (18,2%) of the five-year capital investment with the key focus on projects that support coal, chrome, magnetite and energy.



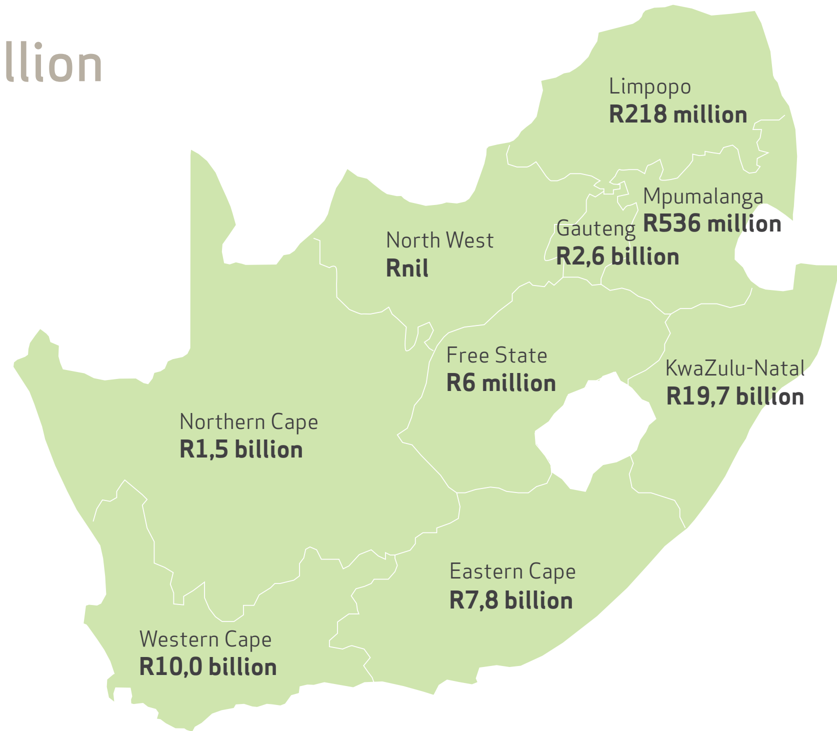
The Container Corridor
This corridor utilises R20,9 billion (16,4%) of the five-year investment with the key focus on containers.

The Cape Corridor
This corridor utilises R15,9 billion (12,5%) of the five-year capital investment with the key focus on projects that support manganese and containers.

Five-year capital investment per province

Transnet supports regional and municipal development through deliberate, focused formal engagements and the alignment of development plans.

National
R85,3 billion



TRANSNET'S **MAINTENANCE STRATEGIES**

OVERVIEW OF THE TRANSNET ASSET MAINTENANCE POLICY AND GUIDELINES

Transnet has invested and continues to invest heavily in assets and infrastructure to support the economy by delivering logistical and freight handling services in its chosen markets. Transnet balances and prioritises capital allocation to expand and maintain its asset base within its available resources.

To maximise or continuously improve the return on assets, the asset lifecycle of various asset types must be optimally planned with effective asset management and asset care principles applied. These include:

- Assets being available both for operational and maintenance activities as determined by integrated operational and maintenance planning;
- Assets are operated within the operating specifications and standards;
- Assets are maintained within usage specifications, service standards, intervals and timelines prescribed by the asset OEM, considering specific operating conditions, or as modified from time to time with the advent of new knowledge, technology, maintenance techniques and maintenance philosophies; and
- The safe and efficient operation of all assets, with an asset care mindset by all employees.

Policy principles

Long-term planning
Operating Divisions will compile 15- to 20-year asset requirement plans, updated annually to align with the Corporate Plan.

Asset management
Develop detailed asset management plans to ensure smooth refurbishment and replacement cycles.

Maintenance planning
Create a rolling three- to five-year refurbishment and maintenance plans, costed using industry benchmarks.

Lifecycle management
Apply lifecycle management principles during asset acquisition.

OEM partnerships
Enter long-term agreements with OEMs for parts supply, equipment upgrades, and knowledge sharing.

Service agreements
Establish long-term agreements for critical infrastructure maintenance.

Localisation
Drive localisation of components during asset procurement to support local supply chains.

Preventative maintenance
Follow a preventative maintenance strategy, with some assets managed on a run-to-failure basis.

Adaptation
Modify maintenance plans based on local conditions and new technologies.

Predictive maintenance
Implement predictive and reliability-centred maintenance for certain assets.

Legislated standards
Maintain assets according to legislation standards and document activities.

Regular reviews
Review maintenance plans every five years to incorporate new developments.

Coordinated planning
Coordinate planning milestones among Maintenance/Engineering, Operations, and Procurement.

Shutdown events
Coordinate periodic shutdowns to maximise maintenance and refurbishment opportunities.

Root cause analysis
Implement processes to identify and address recurring breakdowns and failures.

Maintenance systems
Use computerised maintenance, management systems for planning, scheduling, and tracking maintenance activities.

Implementation guideline

A guideline to Transnet's Asset Maintenance Policy was compiled to assist Operating Divisions in embedding maintenance principles. All responsibility for maintenance is retained in the Operating Divisions, and each Operating Division needs to develop its own policy, standards, manuals, and standard operating procedures as deemed appropriate to support the effective roll-out of the overarching Transnet policy statement.

FREIGHT RAIL

Focus	Key initiatives
Aligning rolling stock availability with market demand to ensure efficient delivery of key commodities.	• Apply condition-based maintenance for coal and iron ore lines; time-based for general freight. • Recover 363 long-standing out-of-service locomotives by sourcing alternative parts and technical expertise. • Partner with customers to co-fund maintenance in exchange for tariff discounts. • Finalise OEM maintenance agreements for spares, tools, training, and reliability support. • Improve fleet reliability, turnaround times, and operational capacity.

RAIL INFRASTRUCTURE MANAGER

Focus	Key initiatives
Delivering a safe, reliable, and cost-effective rail network to support sustainable volume growth.	• Develop a PSP strategy to guide funding and collaboration for network rehabilitation. • Prioritise infrastructure maintenance based on condition assessments. • Deploy rail-bound vehicles for material delivery to corridors. • Train engineering staff and attract young graduates. • Implement long-term procurement strategies for critical materials and components.

ENGINEERING

Focus	Key initiatives
Manufacturing and maintaining locomotives, wagons, and port equipment to support operational readiness.	• Implement asset lifecycle plans and invest in new equipment. • Upskill employees and attract young engineering talent. • Establish long-term OEM partnerships for machine restoration and spares. • Modernise SAP systems for improved data processing. • Use construction framework contracts for maintenance projects.

PORT TERMINALS

Focus	Key initiatives
Ensuring reliable cargo handling equipment through innovation and best practices.	• Shift to preventative and predictive maintenance. • Improve data-driven decision-making and spare parts management. • Restructure workforce and enhance skills. • Leverage SAP and introduce semi-automation at key terminals. • Use OEM contracts for refurbishments and spares.

NATIONAL PORTS AUTHORITY

Focus	Key initiatives
Revitalising and maintaining port infrastructure to ensure safe, reliable, and fit-for-purpose operations.	• Apply asset lifecycle management and conduct condition assessments. • Align with ISO standards (55001, 50001) and improve terminal oversight. • Strengthen internal service agreements and labour contracts. • Secure long-term procurement contracts for equipment and services. • Modernise SAP and explore tech-based asset management systems.

PIPELINES

Focus	Key initiatives
Maintaining high asset availability and reliability through world-class maintenance standards.	• Replace obsolete equipment and install energy-efficient systems. • Implement SAP-based preventative and condition-based maintenance. • Align with regulatory, OEM, and best practice standards. • Develop lifecycle plans to minimise operational interruptions. • Support strategy with long-term capital investment planning.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

INVESTMENT GOVERNANCE **AND ASSURANCE**

Transnet's investment governance relies on an organisational framework that enables effective and transparent capital investment decision-making.

This aligns programmes and projects with Transnet's strategic objectives throughout their lifecycles. Investment decisions are based on a range of factors, which include risk, quality, viability, sustainability and strategic fit to create maximum value.

INVESTMENT GOVERNANCE ROLES AND RESPONSIBILITIES	
Group Investment Committee	
The following are the members of the committee: • Group Financial Officer (Chairperson) • Chief Business Development Officer • Chief Strategy and Planning Officer • Chief Legal Officer • Group Treasurer • Two Operating Divisions Chief Executives serving as Committee members every 12 months	The Group Investment Committee, underpinned by the Delegation of Authority (DOA) Framework and Terms of Reference, enables and supports effective decision-making. • Ensures clearly defined roles, responsibilities, accountabilities, information flows and guidelines to implement projects and programmes; • Supports the Board in executing its investment governance responsibilities; • Defines clear lines of sight into management's decision-making, risk management and processes and progress against what has been approved; • Ensures that proposals are interrogated to inform decisions; and • Addresses the complexity inherent in the governance of multiple programmes and projects.
Operating Division Investment Committees	
Each division has a dedicated committee comprising of executives from finance, commercial, engineering, planning, risk, and operations.	These committees support the Group Investment Committee by: • Capital Portfolio Oversight: Recommending the annual capital investment portfolio and approves changes such as project acceleration or delays. • Strategic Alignment: Ensuring capital investment decisions align with the organisation's strategic objectives and prioritisation criteria. • Investment Guidance: Providing direction on capital investments to achieve desired business outcomes and considers inputs from relevant regional or operational committees. • Unforeseen CAPEX Management: Reviewing and supporting unplanned capital expenditure submissions and ensures regular reporting of cumulative values. • Risk and Assurance Oversight: Monitoring project and portfolio risks, approving the Capital Integrated Assurance Plan and reviews assurance outcomes and corrective actions. • Delegated Authority Execution: Approving submissions within delegated authority, ensuring proper governance processes, procurement strategies and representation from relevant business units.

INVESTMENT GOVERNANCE ROLES AND RESPONSIBILITIES	
Capital Management Forum	
Group Chief Operating Officer, other Group functions including Finance, Risk, Compliance, Strategy and Planning, Internal Audit, Procurement, Sustainability, the Transnet Academy, the Office of the Group Chief Executive and the Operating Divisions' capital governance and assurance functions and execution role players.	The forum strengthens Transnet's capital governance environment by: • Align Capital Planning: Directing and coordinating capital planning, investment and execution in line with Transnet's governance frameworks and policies. • Monitor Portfolio Performance: Reviewing the Capital Portfolio Pipeline and performance against strategic targets and KPIs, reprioritising when necessary. • Manage Risks and Assurance: Identifying and responding to capital-related risks; oversee assurance activities across all three lines of defence. • Support Strategic Delivery: Recommending critical capital initiatives to meet annual targets and budgets outlined in the Corporate Plan. • Drive Continuous Improvement: Promoting efficiency through Quality, Lean, and Six Sigma practices; optimise governance tools and systems. • Facilitate Collaboration and Reporting: Enabling knowledge sharing, addressing cross-functional challenges and reporting assurance outcomes to governance bodies.
Board committees	
Read more about Transnet's Board committees on page 33.	Capital portfolio risks are assessed, monitored and reported annually to all relevant Board committees, including the Finance and Investment Committee and the Board Risk Committee. The Group Risk Committee ensures specific project and programme risks do not escalate and grow into Group-wide risks.

TRANSNET'S OVERARCHING STRATEGIC FRAMEWORK: THE REINVENT FOR GROWTH STRATEGY (R4G STRATEGY) continued

CAPITAL GOVERNANCE AND ASSURANCE

Transnet seeks continuous optimisation of the capital governance and assurance landscape to ensure streamlined delivery of capital investments as per the Corporate Plan.

A comprehensive Capital Governance and Assurance Policy provides the principles that all self-funded (including maintenance projects) or debt-funded capital investments must comply with. The relevant policy statements are included in the Interim Review Standard Operating Procedure (SOP), the Business Case Validation SOP (approved in 2024), the Post-implementation Review SOP, and the Capital Project Planning and Scheduling SOP (approved in 2024) to ensure a standardised approach to executing assurance activities at the Operating Division or Group level.

In addition, various other SOPs are in development to support the Capital Governance and Assurance Policy and foster good practices. These include the Schedule, Document Management, Project Risk and Opportunity Management and Cost Management SOPs.

The policy sets out a capital value chain for Transnet, a segmented approach to ensure that capital investment proposals and decisions align with the Company's mandate and strategy. It involves activities that ensure that the capital spent creates value for customers and other key stakeholders.

The policy's applications are explained further in the Capital Governance and Assurance Framework and manuals for the five elements.

Capital governance and assurance landscape

CAPITAL GOVERNANCE AND ASSURANCE POLICY

CAPITAL GOVERNANCE AND ASSURANCE FRAMEWORK

1 STRATEGY AND PORTFOLIO ALIGNMENT	2 CAPITAL DEVELOPMENT	3 BUSINESS CASE EVALUATION AND ASSURANCE	4 CAPITAL EXECUTION	5 BENEFITS REALISATION
• Portfolio planning • Portfolio scoring and ranking • Portfolio balancing • Corporate Plan updates • Portfolio management • Portfolio and strategy evaluation	• Project classification • Sponsor appointment • Solution development (including concept and pre-feasibility study) • Gate reviews	• Business case compilation • Business case assurance review • Business case support and approval • Issue Capital Approval Number	• Feasibility studies • Bankable feasibility studies • Gate reviews • Asset construction (execution) • Commissioning and handover (close-out)	• Benefits Milestone Plan • Interim/benefit reviews • Post-implementation reviews (including lessons learnt) • Benefits handover

ELEMENTS OF THE CAPITAL VALUE CHAIN

Embedding capital governance awareness

Ongoing training and awareness ensure that Transnet's capital community understands governance and assurance requirements. A knowledge management system and portal were developed to ensure ongoing learning within the capital space. Capital management and performance systems provide real-time information on programme and project status, interfaces and reporting. The automation and digitisation of several capital governance processes are being considered to further streamline processes.

Capital and technical assurance

The Capital Assurance and Technical Assurance functions provide assurance on key programmes and projects that require approval at Group and/or Board level in terms of the DOA.

CAPITAL ASSURANCE TASKS		
Business case validations Provides assurance to the relevant approval committees that the investment business case developed is comprehensive and aligns with the Company's strategy. This independent assessment considers strategic alignment, commercial and financial viability, risk management, the project management plan, execution and operational readiness and procurement planning.	**Interim reviews** Assesses actual performance and overall health of a project/ programme and its continued relevance and viability aligned to business case objectives. Assist in controlling and escalating unacceptable deviations to decision-makers.	**Gate reviews** Occurs at the end of the programme/project phase and assesses overall completeness, quality and governance of the submission for capital investment decision-making. Reviews compliance with the approved programme/project methodology and alignment with set objectives, viability and recommends proceeding to the next phase.
Post-implementation/benefit realisation reviews Conducted at the end of a project/programme. Evaluates whether objectives were met and how effectively the project/programme was run, whether the intended benefits were achieved and captures learning points for future improvements.	**Asset maintenance** Conducted on existing infrastructure to provide the business with an independent assessment on the state of its infrastructure assets.	**Shutdown assurance** Provides an independent view of business performance during shutdown activities, which evaluates the effectiveness of the shutdown activities across cost, schedule and quality. Provides feedback to business units on their effectiveness during shutdown activities.
	Technical assurance Provides an independent technical assessment on projects at any stage from development through to execution.	

ENTERPRISE **RISK MANAGEMENT**

Transnet's strategy acknowledges that we need to transform and grow, and managing risks continues to be critical in assessing events and challenges that impact the achievement of its strategic objectives.

RISK GOVERNANCE

A formalised Enterprise Risk Management (ERM) Governance Architecture ensures a structured and consistent approach to risk management. It aligns strategy, processes, people, technology and knowledge for evaluating and managing the uncertainties that Transnet faces to create shareholder value. The critical elements that make up ERM Governance within Transnet are:

- ERM Policy;
- ERM Framework; and
- Risk Appetite and Tolerance Framework.

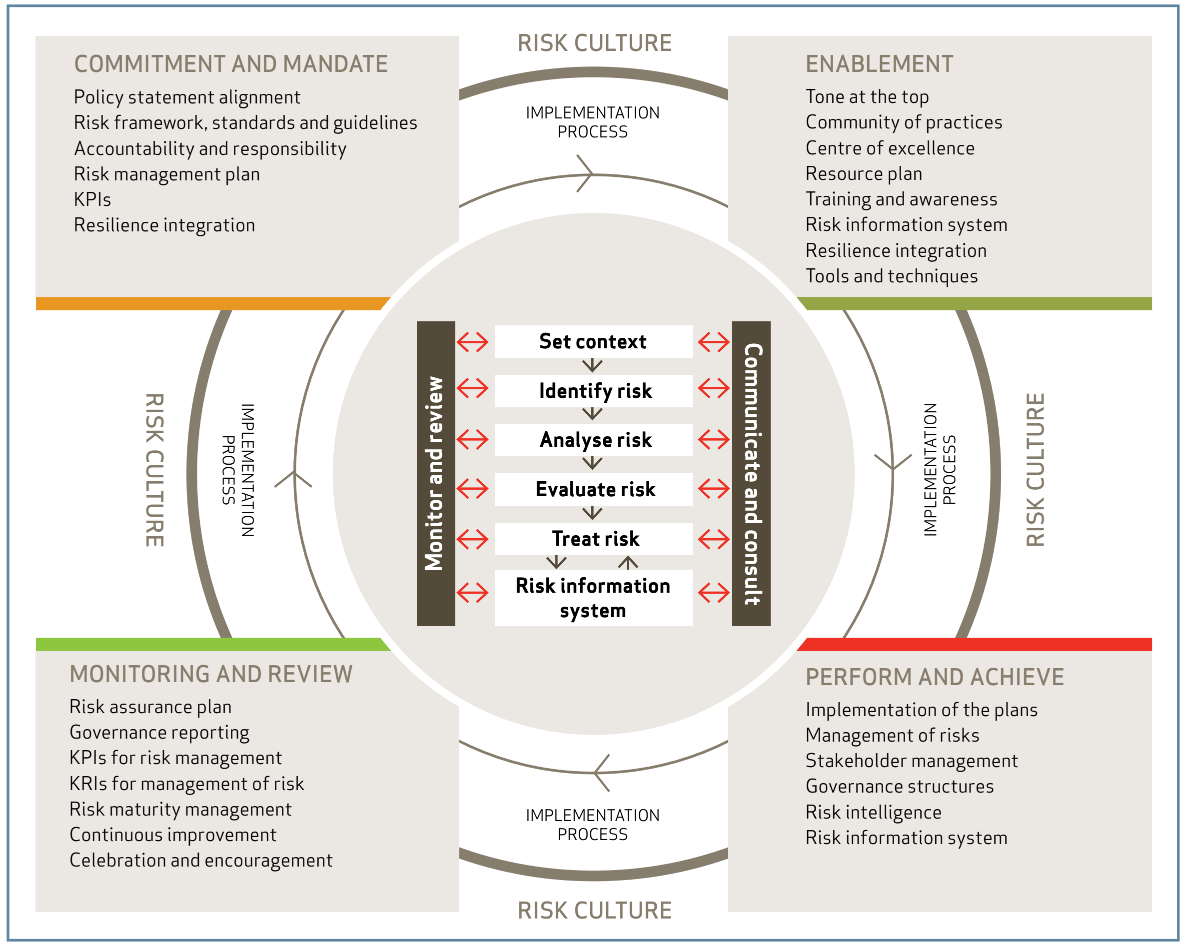
The ERM Policy directs the business through a commitment statement from the Board and the Group Chief Executive. The statement outlines the risk management approach to support its corporate objectives, protect employees and business assets and ensure financial sustainability.

The policy is realised through the ERM Framework, which was developed using ISO 31000:2018 risk management principles and guidelines, the 2017 COSO ERM Framework and South African legislative requirements. The framework provides detailed guidelines on:

- The principles relating to the Group-wide risk management and risk management methodologies;
- The process for identifying, assessing, mitigating, monitoring and reporting risks and controls;
- The risk management roles and responsibilities of each management level; and
- The mechanisms for managing, monitoring and providing assurance on risks.

The ERM Framework is reinforced by the Transnet Risk Appetite and Tolerance Framework, which defines the level of risk that Transnet is willing to accept to achieve its business objectives. It specifies the variability in outcomes that Transnet, its Board, and senior executives can tolerate, aligned with its strategic goals. Transnet's risk appetite is carefully balanced with its overall capacity to bear risk, considering the complexities and integration of its operations across various risk clusters.

Transnet's ERM Architecture



TRANSNET'S RISK MANAGEMENT PROCESS AND ARCHITECTURE

The primary principle of the ERM approach is to enable the business to make proactive and informed decisions. All elements of the risk architecture, transformation, governance and assurance areas are designed and implemented with this principle in mind. This integrated systems approach to risk management is based on four focus areas, and each area has specific building blocks that integrate towards success.

To bridge the gap between risk strategy and execution, Transnet has a formal transformation management approach. This involves integrating ERM architecture methodologies into established business processes and shifting employees' mindsets towards risk ownership through training and awareness. The transformation actions are outlined in the Integrated Risk Management Plan (IRMP).

Transnet's IRMP

The IRMP emphasises adapting Transnet's approved risk management process in an evolving operating context. This aligns with King IV's principles of ethical leadership. Risk management responsibility at Transnet is upheld by assigning risk sponsorship and ownership for mitigations across the top 10 strategic clusters and key emerging risks. While significant progress has been made, this area needs focused attention.

The IRMP defines four integrated focus areas aligned to the ERM Governance Architecture that drive the principles, concepts, common language, and direction required to execute the plan, namely:

- Commitment and mandate;
- Enablement;
- Perform and achieve; and
- Monitoring and review.

Operations executives lead the definition and management of these four focus areas, resulting in this risk transformation process being practical and relevant to the business.

Crafted alongside the strategic risk review process, the IRMP ensures effective responses to unpredictable shifts in the risk landscape and changes in the business environment. This approach also helps the risk management processes remain flexible and agile to fast-changing risks.

ENTERPRISE RISK MANAGEMENT continued

RISK ASSURANCE

First line of assurance

As a first line of assurance, the responsibility for Transnet's top 10 strategic risk clusters and key emerging risks is assigned to a risk owner, a senior Transnet executive, or a group of executives. This is then cascaded to line management, who take accountability for risk mitigation actions. While the Company has made measurable progress, more attention is required to ensure the desired levels of accountability are embedded.

Second line of assurance

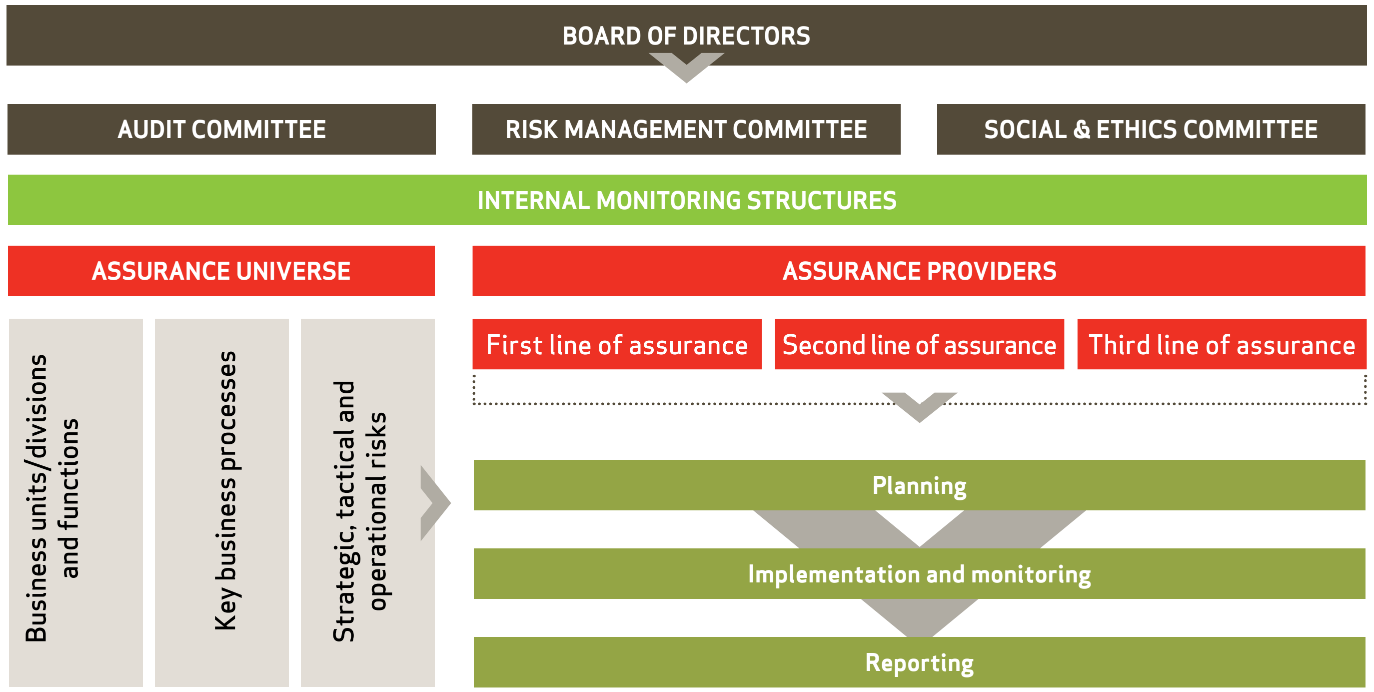
The second line of assurance engages internal assurance providers, who are indirectly accountable for risk management, such as Group functions and the Operating Divisions. This line of assurance aims to further embed adequacy and effectiveness in managing the top 10 strategic risk clusters and key emerging risks.

The second line assurance process reviews and supports the management of the identified organisational risks. A team was established to conduct integrated reviews. These provide an opportunity for the second line to assess and assure the maturity of risk management implementation and overall risk management.

Third line of assurance

Independent external assurance providers, including the Company's internal and external audit providers and regulators, provide the third line of assurance.

COMBINED ASSURANCE OVERSIGHT



MANAGING OUR RISK APPETITE AND TOLERANCE

Transnet's ERM programme is integrated into its Group-wide strategic planning processes. Every Transnet employee drives the Company's objectives and manages associated risks.

Transnet requires risk management for each strategic objective, addressing strategic, operational and tactical risks. The Risk Management function actively involves executive leadership through crucial risk conversation workshops. The Board continues to oversee risk management and delegates responsibility for monitoring the implemented risk management process to the Board Risk Committee.

The Board has approved the Risk Appetite and Tolerance Framework to guide the management of risks within the Company. The framework outlines the level of risk-taking aligned with the strategic objectives set out in the Corporate Plan. Implementation of the framework has commenced with key risk indicators being developed for the identified risks to measure risk threshold and possible breaches and monitor risk performance against set appetite statements.

OUR RISK ENVIRONMENT IN 2025

Transnet operates in a volatile risk environment impacted by global geopolitical tensions, climate change and international economic challenges.

In 2025, the risk environment was influenced by the impacts of the ongoing wars in Gaza and Ukraine and the United States' move towards introducing tariffs. The risks facing the logistics and transportation industry are more interconnected and are escalating in both speed and impact, presenting major challenges for businesses. These impact the supply and demand of products, the cost of living and local economic development, with implications for interest rates and debt covenants, Transnet's global credit rating, and its borrowing profile for raising funding for critical infrastructure projects and growth initiatives.

Internal challenges affecting our risk profile include performance challenges. However, implementing a focused Tactical Recovery Plan significantly improved our operational performance and targeted efficiencies. Transnet will continue to review and improve risk plans to improve its risk management maturity.

Annual strategic risk review process

Transnet reviews its top strategic and emerging risks in the context of its overall strategy. This process includes:

- A risk survey completed by internal stakeholders;
- External information gathering, including considering scanning sources like the Institute of Risk Management South Africa, Gartner, the World Economic Forum Global Risks Report; and
- A detailed risk workshop.

Risk reviews also occur during major changes, such as turnaround or operating model shifts.

ENTERPRISE RISK MANAGEMENT continued

TRANSNET'S TOP 10 **RISKS FOR 2025**

At a strategic level, 10 risk clusters have been identified, each requiring specific attention. Each cluster has a set of associated risks, which are managed individually. Though risk clusters remain relatively static, the individual risks, KPIs, appetite and tolerance levels are dynamic and managed accordingly. These strategic risk clusters and associated risks are reviewed, updated and reported quarterly.

For 2024/25FY, Transnet noted that in managing the Company's strategic risks, monitoring operational and financial risks remained critical. The Company still needs to improve its volume performance, customer satisfaction and overall financial performance. Although we have seen improvements in operational performance, the competitive landscape is rapidly evolving, with the risk of increased loss of volumes and customers due to an increasingly competitive rail and port logistics market.

At year-end, the risks were reviewed, and their residual rating are indicated below.

Residual top 10 risk cluster ranking – movement from 2024 to 2025

Risk priority and senior oversight

- **Priority I Risk** – Group Chief Executive and Board level
- **Priority II Risk** – Operating division Chief Executive level

Risk description	2025 risk rating (Residual)		Risk description	2024 risk rating (Residual)	
Operational Sustainability and Efficiency	01	Red	Financial Sustainability	01	Red
Financial Sustainability	02	Red	Operational Sustainability and Efficiency	02	Red
Business Development	03	Orange	Business Development	03	Orange
Infrastructure/Asset Creation	04	Red	Infrastructure/Asset Creation	04	Orange
Market/Segment/Customer	05	Red	Market/Segment/Customer	05	Teal
Safety, Security, Health and Environment	06	Red	Safety, Security, Health and Environment	06	Teal
Governance*	07	Orange	People and Learning	07	Teal
Reputation Management	08	Orange	Governance	08	Teal
People and Learning	09	Orange	Reputation Management	09	Teal
Developmental/Industrialisation/Procurement	10	Orange	Developmental/Industrialisation/Procurement	10	Teal

* *Governance includes Regulatory changes and Regulated Entities.*

1 OPERATIONAL SUSTAINABILITY AND EFFICIENCY

Responsibility
Operating Division Chief Executive Officers

Link to capitals

Risk description	Appetite statement
Inefficiencies in the value chain result in lower volumes and inability to achieve volume targets due to the poor availability and reliability of locomotives, ineffective port oversight and poor operational efficiencies, resulting in customer dissatisfaction.	Transnet has a high appetite to deliver on operational targets by being innovative agile, and efficient in its day-to-day operations by choosing solutions, such as technology and regrouped service channels, to improve operational efficiency, financial results and sustainability.

Risk response

We seek to restore confidence by increasing the security of freight handling and movement and providing on-time service delivery for customers cost-effectively and efficiently, supported by digitised operations, systems and equipment to ultimately contribute to lowering the cost of doing business and increasing customer service levels and profitability. We have made strides to do this through the following:

- Implementing the Tactical Recovery Plan with set targets to improve service delivery across the business;
- Implementing alternative funding models such as public-private partnerships, sale of wagons, leasing options and a security levy to support financial sustainability;
- Negotiating and concluding support agreements with OEMs to ensure material availability and improve fleet reliability;
- Resolving OEM disputes and sourcing alternative suppliers to enable the return of long-standing locomotives and the acquisition of new ones, thereby increasing delivered freight volumes; and
- Enforcing processes and training programmes for port value chain monitoring, along with the adoption of benchmarking recommendations to address operational inefficiencies.

Outcomes for 2025

Transnet achieved significant improvements in meeting its target set in the Tactical Recovery Plan and continues to focus on improving the efficiencies within its operations.

2 FINANCIAL SUSTAINABILITY

Responsibility
Group Chief Financial Officer

Link to capitals

Risk description	Appetite statement
Transnet manages its risk of inability to remain financially sustainable. This is caused by poor operational performance, resulting in low cash generation and liquidity challenges and credit rating downgrades, complicating its ability to raise affordable funding or match long-term funding needs.	Transnet has a medium to high appetite for financial sustainability and maintains its financial covenants close to their limits to enable investment, drive economic activity and lower the cost of doing business.

Risk response

We aim to contribute to lowering the cost of doing business in South Africa by accessing cost-effective funding, deploying effective cost control measures and delivering appropriate financial returns to the Shareholder while complying with laws and regulations by:

- Managing revenue at risk and implementing recovery plans for those sectors at risk;
- Implementing effective cost control measures to minimise cash outflows for improved liquidity;
- Fast-tracking the recovery of insurance claims and other overdue debtors for improved liquidity;
- Prioritising higher-margin commodity flows and corridors for improved financial performance; and
- Conducting feasibility assessments for PSPs to improve operational performance and financial health.

Outcomes for 2025

Revenue generation has improved, which has reduced the net loss for the year. Financial sustainability remains a key risk for the business and will be continuously monitored.

ENTERPRISE RISK MANAGEMENT continued

3 BUSINESS DEVELOPMENT

Responsibility

Chief Business Development Officer and Operating Division Chief Executives

Link to capitals

Risk description	Appetite statement
The inability to increase revenue-generating capability through diversified business growth initiatives and new market opportunities due to insufficient funding for projects. The long lead times for approvals from the relevant authorities to execute transactions may result in missed market opportunities and unnecessary delays. Transnet's poor reputation due to failed legacy projects and a lack of integration and alignment with key stakeholders and strategic partners led to execution failures.	Transnet is eager to ensure the security of volumes through forging long-term relationships and partnerships with its current and new customers. This is integral to its sustainability in the medium to long term.

Risk response

We aim to secure volumes by ensuring customer-centric logistics solutions that improve customer satisfaction and through long-term partnerships and service agreements by:

- Implementing a country, region and block risk review for identified high-growth countries;
- Continually monitoring in-country risks to identify new developments in targeted countries;
- Leveraging Government bilateral relationships and agreements to support proposed transactions and align with South Africa's foreign policy imperatives;
- Determining appropriate funding strategies to exploit growth opportunities; and
- Identifying local and international funding partners to improve capital affordability and availability.

Outcomes for 2025

The opening of the rail network to private sector participation introduces increased competition for Transnet. The RFQ issued for establishing the Rolling Stock Leasing Company (LeaseCo) supports this shift by enabling broader access to rail infrastructure. While these developments may impact Transnet's market share, they also present opportunities to form strategic partnerships and enhance competitiveness in a liberalised rail environment.

4 INFRASTRUCTURE/ASSET CREATION

Responsibility

Group Chief Operating Officer

Link to capitals

Risk description	Appetite statement
Implementation delays for infrastructure and capital investment projects due to a lack of resources and skills, funding and procurement delays result in infrastructure not attracting or sustaining volumes, improving operational efficiency and lowering the cost of doing business.	Transnet has a medium to high appetite to invest in infrastructure to grow or sustain volumes, improve operational efficiency, and cost effectiveness to lower the cost of doing business, while offering commensurate investment returns.

Risk response

We actively allocate capital to meet strategic goals, maximise financial returns, improve operational efficiency and safety, and seek to lower the cost of doing business by:

- Implementing the Maintenance Strategy to ensure strict adherence and improve the working condition of operating equipment;
- Executing and completing maintenance plans for each Operating Division to enable timely and effective asset maintenance;
- Optimising capital governance processes across the business to enhance the performance and delivery of capital projects;
- Validating business case information developed by the Operating Divisions for projects within their delegation of authority to ensure sound investment decisions; and
- Implementing the procurement strategies for long lead items as part of the project lifecycle to improve project efficiency and reduce delays.

Outcomes for 2025

Transnet experienced significant progress in plans implemented to address this, which reduced the level of the risk.

5 CUSTOMER/MARKET/SEGMENT GROWTH

Responsibility

Operating Division Chief Executives (Freight Rail and Port Terminals)

Link to capitals

Risk description	Appetite statement
Failure to increase market share across all segments due to ineffective key account management or underperformance in operational service delivery may result in weakened customer trust, reduced competitiveness and missed growth opportunities.	Transnet is committed to driving innovation, expanding into new markets and enhancing customer service by strengthening relationships with existing and prospective clients. The aim is to profitably grow market share and accelerate the shift toward more efficient transport modes

Risk response

We are actively engaging with customers and improving service delivery to strengthen our market position and drive growth by:

- Strengthening customer relationships by engaging regularly through structured meetings, satisfaction surveys, and long-term contracts to build trust and secure sustainable partnerships;
- Enhancing service performance by implementing service level agreements, using performance dashboards, and collaborating across teams to ensure consistent, high-quality delivery;
- Aligning with customer demand by validating annual volumes and tracking our order book to match operations with customer requirements;
- Improving pricing and revenue management by applying network-based costing models, generating revenue-at-risk reports, and developing data-driven pricing guidelines; and
- Driving strategic and regulatory alignment by adapting our pricing frameworks through initiatives like the Transnet Transversal Project to meet evolving regulatory requirements.

Outcomes for 2025

Engagements with key customers who have committed to becoming strategic partners are showing positive momentum. These collaborations are expected to help alleviate operational challenges and may contribute to a reduced risk rating in the future.

6 SAFETY AND HEALTH, SECURITY AND THE ENVIRONMENT

6.1 SAFETY AND HEALTH

Responsibility

Chief of People

Link to capitals

Risk description	Appetite statement
Uncertainty about employee and public health and safety and irreversible environmental harm could affect business continuity. Failure to follow health and safety rules or manage risks may lead to work stoppages, loss of permits, fines, injuries, illness, legal action and lower productivity.	Transnet maintains zero tolerance for health and safety risks. The organisation actively strengthens its systems and capabilities to achieve the highest level of certainty in protecting the health and safety of all stakeholders.

Risk response

We proactively address safety and security risks through coordinated, technology-driven, and community-based interventions by:

- Rolling out a Company-wide motor vehicle safety program and integrate fatigue management into daily operations;
- Running rail safety awareness campaigns, partnering with authorities on level crossing safety and empower staff with targeted wellness support;
- Monitoring corrective actions for high-risk safety violations to avoid fines from the Railway Safety Regulator; and
- Enforce medical surveillance and wellness programmes to detect and manage health concerns early.

Outcomes for 2025

Transnet has launched multiple campaigns to promote its 10-point safety plan and raise community awareness about safety at level crossings. Despite these efforts, employee and public fatalities have unfortunately increased. This remains a serious concern, and the organisation is actively addressing the issue through targeted interventions and enhanced safety measures.

ENTERPRISE RISK MANAGEMENT continued

6.2 SECURITY

Responsibility
Chief Security Officer

Link to capitals

Risk description	Appetite statement
Escalating security incidents, including theft and vandalism of infrastructure, cargo, and pipelines, are causing significant financial losses, operational disruptions, and reputational damage to Transnet.	Transnet has a high appetite to implement advanced security technological tools to improve overall security within its operations and assets to support uninterrupted delivery of services to customers.

Risk response

We take a proactive and integrated approach to managing security risks through collaboration, technology, and accountability. This is done through:
- Forming integrated task teams with law enforcement and service providers to stabilise security hotspots and coordinate rapid interventions;
- Deploying advanced surveillance technologies—such as drones, helicopters, and smart sensors—to monitor high-risk areas and deter criminal activity;
- Enhancing physical and technological security by installing fencing, alarm systems, and container tracking solutions, and by issuing outcome-based guarding contracts;
- Enforcing accountability through consequence management, lifestyle audits, and legal action under the Criminal Matters Amendment Act; and
- Strengthening intelligence and community engagement by analysing incident data, conducting risk assessments, and partnering with traditional leaders and local stakeholders.

Outcomes for 2025

Climate change continues to intensify safety and security risks for stakeholders and infrastructure, posing a threat to business continuity. Following a comprehensive risk review, Transnet elevated security to a stand-alone risk for 2026 due to its significant impact and high associated costs.

6.3 ENVIRONMENTAL SUSTAINABILITY

Responsibility
Chief Legal Officer

Link to capitals

Risk description	Appetite statement
Inadequate integration, governance, and resourcing of Transnet's ESG Strategy results in ineffective assurance processes, insufficient budget allocation, lack of data accountability, and slow mitigation of environmental liabilities, which may result in unreliable ESG performance, persistent legal non-compliance, erosion of stakeholder trust and increased financial and reputational exposure.	Transnet has a high appetite for preserving the environment and a low appetite for activities that significantly degrade the environment.

Risk response

Transnet is embedding ESG principles into its operations by enhancing governance, improving data integrity and accelerating environmental risk mitigation by:
- Defining and enforcing clear ESG governance structures to ensure accountability and effective oversight;
- Allocating dedicated internal budgets to fund ESG initiatives and reduce reliance on external funding;
- Implementing robust ESG data systems to collect, verify and report accurate and consistent information;
- Fast-tracking environmental risk reduction projects to minimise exposure and potential liabilities; and
- Conducting regular ESG audits and reviews to strengthen assurance and drive continuous improvement.

Outcomes for 2025

Transnet expects improved ESG performance through stronger governance, better data management, and accelerated environmental risk mitigation. These efforts aim to restore stakeholder confidence, ensure legal compliance and reduce reputational and financial exposure.

7 GOVERNANCE

Responsibility
Chief Legal Officer

Link to capitals

Risk description	Appetite statement
Transnet is undergoing transformational reforms requiring close monitoring of compliance requirements to applicable laws and regulations. Non-compliance with the regulatory requirements may affect the Company's endeavours to be a good corporate citizen with high standards of ethics and transparency.	There is a low appetite for non-compliance with laws and regulations and zero tolerance for bribery and corruption in the quest to be a good corporate citizen that maintains high standards of ethics and transparency.

Risk response

We actively engage with key stakeholders and align our governance practices with evolving legislative and policy frameworks, through:
- Engaging with the National Ports Authority, the Transnet Board, the Department of Public Enterprises and the Department of Transport regarding the corporatisation of TNPA;
- Seeking alignment with the Freight Logistics Roadmap, the National Rail Bill, the Economic Regulation of Transport Bill and reforms instituted by the Shareholder and policy departments; and
- Scheduling periodic engagements with relevant Government departments and Regulators to discuss a risk-based approach to ensure alignment between strategies and legislation impacting Transnet.

Outcomes for 2025

Transnet plans to finalise the corporatisation of TNPA and will report TRIM as a separate Operating Division from the 2025/26 financial year. These changes, aligned with national reforms, are part of efforts to strengthen governance and reinforce Transnet's commitment to transparency, ethics and accountability.

8 REPUTATION MANAGEMENT

Responsibility
Transnet Spokesperson: Corporate Affairs

Link to capitals

Risk description	Appetite statement
Ineffective alignment and execution of ESD, procurement, and transformation initiatives driven by regulatory misalignment, poor planning, weak contract and category management and inadequate systems may result in the failure to meet economic transformation goals and the loss of value for the broader stakeholder community.	Transnet has a low to medium appetite to take any risk that will impair relationships and standing with key stakeholders or tarnish its reputation.

Risk response

We continue to build stakeholder confidence by managing our reputation to support long-term value creation for all stakeholders by:
- Enhancing freight reliability and security through the Tactical Recovery Plan, OEM fleet agreements and disciplined process enforcement across the port value chain;
- Improving financial sustainability by driving alternative funding models, enforcing cost controls, recovering targeted revenues, prioritising high-margin flows, and accelerating insurance and debtor recoveries;
- Leveraging private sector partnerships (PSPs) to boost operational efficiency and support long-term financial health;
- Advancing transformation and localisation via ESD initiatives aligned to Transnet's value chain, supported by performance-based contracts, streamlined procurement policies and re-engineered supply chain processes; and
- Upholding integrity and stakeholder trust by standardising contract management, automating procurement, deploying fraud detection tools, resolving audit findings and aligning communication with Transnet's strategy and values.

Outcomes for 2025

Transnet strengthened stakeholder engagement and improved public perception through targeted and strategic communication initiatives.

ENTERPRISE RISK MANAGEMENT continued

9 PEOPLE AND LEARNING

Responsibility
Chief of People

Link to capitals

Risk description	Appetite statement
Inability to embed a fit-for-purpose organisational culture, attract and retain critical talent, and implement People Management digital tools may hinder strategy execution, reduce employee engagement and damage Transnet's brand and operational effectiveness.	Transnet has a medium (moderate/risk-neutral) appetite to roll out an efficient resource plan to support the delivery of the Corporate Plan through efficient workforce utilisation, while being invested in the development of people.

Risk response

We invest in culture, talent, and digital transformation to build a high-performing and future-ready workforce by:
- Aligning our culture and values by facilitating employee validation of new values and promoting leadership commitment to a high-performance, inclusive culture;
- Driving employee engagement through recognition programmes, benchmark surveys, targeted interventions and follow-up assessments;
- Implementing a comprehensive talent strategy to attract, develop and retain key talent through sourcing, career development, succession planning, and retention initiatives;
- Enhancing people systems by improving data integrity and automating processes, including phased implementation of a new Learning Management System; and
- Building an internal capability that supports change management through structured change management and training initiatives.

Outcomes for 2025

Transnet strengthened its organisational culture and talent development by launching a new Culture Charter with five core values, the Integrated People Management Programme (IPMP), and an employee recognition app. These initiatives enhanced engagement across all management levels and increased investment in youth development programmes, reinforcing Transnet's commitment to building a motivated, future-ready workforce.

10 PROCUREMENT

Responsibility
Chief Procurement Officer

Link to capitals

Risk description	Appetite statement
Failure to effectively align and execute ESD and procurement strategies due to regulatory misalignment, poor planning, weak contract and category management, inadequate systems and exposure to fraud may result in the non-achievement of transformation objectives, non-compliance, and reduced value creation.	Transnet has a high appetite to drive logistics economic enablement, localisation and industrialisation, and provide the infrastructure required by accepting greater inherent risk to achieve higher business rewards.

Risk response

We are transforming our procurement function to align with national priorities, improve efficiency and mitigate risk by:
- Implementing ESD initiatives aligned with Transnet's value chain, securing necessary approvals and structuring performance-based contracts to support supplier development, localisation and transformation objectives;
- Developing and aligning procurement policies with national transformation goals, engaging key stakeholders while redesigning demand planning processes to improve alignment with business needs and achieve economies of scale;
- Standardising contract management, monitoring, and reporting processes across the business and implementing a performance management framework for suppliers and buyers to ensure accountability and delivery;
- Optimising sourcing structures while implementing category management strategies to unlock value, support strategic projects, and ensure supply security through improved collaboration and consolidated procurement targets; and
- Automating procurement processes, enhancing emergency procurement workflows, implementing fraud detection tools, strengthening internal controls, and collaborating with Forensics to investigate irregularities and audit findings.

Outcomes for 2025

Transnet utilised the deviation granted by the National Treasury on its Supply Chain Management (SCM) policies to fast-track the procurement of critical equipment parts. As a result, various Operating Divisions received new equipment, enabling more efficient service delivery and contributing to the achievement of Tactical Recovery Plan targets.

EMERGING RISKS

At year-end, Transnet identified various emerging risks that could impede the achievement of Company strategy. These include technological disruption, climate change, rising environmental risks and increased competition. Most of these emerging risks are not new; however, it is their volatility and impact that pose further risks to the Company's goals. These risks will be analysed in detail and information on their likelihood of occurrence, impact, existing mitigations, and further treatment plans will be incorporated and monitored in the 2025/26FY Company risk profile. Assessing emerging risks is a continuous process for Transnet.

EMERGING RISK	RISKS	RISK RESPONSE
Financial sustainability and funding	• The inability of Transnet to service debt, resulting in liquidity crises or defaults and sovereign debt crises; and • Inadequate funding to implement identified improvement projects.	• Prioritising higher-margin commodity flows and corridors for improved financial performance; • Selling identified non-core assets and scrap material; • Managing revenue at risk and implementing recovery plans for sectors at risk; • Implementing sustainable and effective cost control measures to minimise cash outflows and improve liquidity; • Renegotiating major procurement contracts to secure cost savings; • Continuous working capital management (inventory, debtors and creditors) and close monitoring of customers with high credit risk exposures; • Optimising revenue-generating initiatives to increase volumes; • Determining appropriate funding strategies to exploit growth opportunities, including targeting transactions with less funding requirements; • Identifying local and international funding partners to improve capital affordability and availability; • Optimising the balance sheet to improve capital management and ensure the availability of funding; and • Implementing long-term PSP long-term transactions and structural reforms to improve business efficiencies.
Environmental sustainability	Extreme weather events exacerbated by climate change, resulting in: • Loss of life; • Destruction of property; and • Business or service delivery disruption.	• Implementing an early warning system to identify weather-related events, to reduce vulnerabilities and improve the safety of people, property and infrastructure; • Reviewing current business continuity strategies to respond to changing weather events; and • Develop and implement a resilience plan.
Information and communications technology	• Disruptive technologies; • Increased cyber attacks; and • Misinformation and disinformation.	• Implementing digitalisation projects to enhance the integrity and reliability of information; and • Continuously reviewing mitigation strategies to ensure the following are addressed: – Implementing revised cybersecurity models such as multi-layered defence mechanisms; – Enhancing security breach detection; and – Developing data encryption methods.
Increased competition	Increased competition from private train operators and alternative transport modes threatens Freight Rail's market share, impacting revenue and sector positioning.	• Reviewing commercial agreements in the context of rail reform to ensure long-term volume commitments; • Improving service reliability and customer satisfaction to strengthen customer loyalty and retention through the delivery of committed volumes; • Improving operational efficiencies; and • Improving volume performance across the business.
People and learning	Capacity constraints due to talent and labour shortages in executing the R4G Strategy.	Implement the integrated Talent Management Strategy and Framework to enhance the attraction and retention of key talent in line with best practice, through: • Enhancing the Talent Acquisition Sourcing Strategy to attract the best talent in critical and priority business areas; • Implementing career development plans, inclusive of on-the-job training programmes, job rotation and mentorship programmes for all levels; and • Implementing succession planning in key and critical positions informed by critical workforce segments.

INFORMATION SECURITY, DATA PRIVACY AND CYBERSECURITY

Transnet prioritises cybersecurity as a core component of its digital transformation and operational continuity. The Company is protecting its information assets and mitigating cyberthreats by aligning with the National Institute of Standards and Technology (NIST) Cybersecurity Framework. The Board oversees Transnet's cybersecurity posture and strategic plans.

In 2024/25FY, Transnet recorded no major cybersecurity incidents. Early threat detection systems, combined with layered security controls, successfully neutralised malware attempts and external threats before they could impact business operations. Transnet strengthened its cybersecurity capabilities through strategic interventions and advanced technologies. Key accomplishments included:

- **Cyber workforce development:** Continued growth and upskilling of our cybersecurity team, supported by the Young Professionals Training Programme to build future capacity;
- **Virtual Security Operations Centre (vSOC):** Enhancement of the vSOC to deliver 24/7 real-time monitoring, threat detection, and rapid incident response;
- **Network access control and endpoint security:** Expansion of network access control and Extended Detection and Response (XDR) to limit unauthorised access and proactively detect endpoint threats;
- **Vulnerability and threat management:** Strengthened our proactive Vulnerability Management Programme and engaged a panel of independent experts to conduct penetration testing, application reviews and infrastructure assessments;
- **Web and brand protection:** Extended our web application firewall coverage and online brand protection solutions to prevent cyber and phishing threats;
- **Cyber awareness and training:** Broadened the reach of the Cyber Security Awareness Programme and interactive training tools to foster a Group-wide cyber-aware culture;
- **Technology security enhancements:** Full rollout of advanced Microsoft security features and implementation of continuous firewall upgrades and optimisation;
- **Policy and response improvements:** Updated security policies and standards to align with global best practices and improved the incident response plan for quicker and coordinated breach response. Extended the governance standards to the Operational Technology environment; and
- **Cybersecurity maturity assessment:** Conducted Group-wide comprehensive cybersecurity maturity assessments, leveraging the NIST Cybersecurity Framework.

ICT POLICIES AND PROCESSES

Transnet's ICT Governance Policy aligns with globally recognised standards such as NIST, ISO/IEC 27001 and COBIT 5. This ensures that ICT practices support regulatory compliance, risk management, and the secure delivery of digital services. ICT security standards complement the policies, providing effective controls and guidelines to protect digital assets and information systems.

Information security breaches

During the 2024/25FY, Transnet experienced zero information security breaches for clients, customers or employees information.

PEOPLE MANAGEMENT AND LEARNING

Maintaining consistent employee engagement to ensure positive employee morale as the cornerstone to building a high-performance culture.

At Transnet, our people remain at the heart of our transformation journey. In the 2024/25 financial year, we made significant strides in strengthening our people management strategy to support operational resilience, innovation, and long-term sustainability. In a rapidly evolving logistics and infrastructure landscape, we remain committed to cultivating a high-performance, inclusive, and future-ready workforce. Our approach to people management is anchored in fostering a culture of accountability, continuous learning, and innovation, ensuring that every employee is empowered to contribute meaningfully to our growth and transformation journey. Our commitment to building a high-performance, values-driven culture was evident through the continued rollout of our High-Performance Culture Journey, which focused on leadership accountability, performance alignment, and employee empowerment.

A major milestone was the implementation of our digital strategy leading to the implementation of the Integrated People Management Platform, which modernised key HR systems including performance management, succession planning, onboarding, and recruitment. In parallel, the Learning Management System (LMS) was launched, providing employees with accessible, on-demand learning opportunities. Adoption of these digital platforms continues to grow, supporting a more agile and data-driven HR function.

EMPLOYEE TURNOVER, DIVERSITY AND RETENTION

Sustainable Development Outcome (SDO)	SDGs	Our ESG Strategic Pillar
Employment is created by measuring direct, indirect, or induced employment.	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES	Strengthening our stakeholder orientation

Employee turnover disrupts operations, costs time and money and impacts the morale of both employees and customers. Transnet monitors the employee turnover trends and seeks to understand why employees leave. Exit interviews are conducted when an employee resigns from Transnet.

The turnover increased marginally to 3,5% (2023/24FY: 3,3%). The highest turnover was among the employees older than 60, while the lowest turnover rate was in the age group 36 to 45 years. Among the race groups, White employees had the highest turnover rate, and African employees had the lowest turnover rate.

Transnet retains its highly skilled and talented individuals through:

- Competitive remuneration;
- Robust training and development programmes;
- Change management;
- Well-being and an EAP;
- Career opportunities; and
- Communication and change programmes.

Headcount by race

The Transnet headcount of 50 988 is broken down into the respective race groups, with African employees accounting for 81,6% of the overall headcount. Coloured employees constitute 9,4% of headcount, Indian employees amount to 2,9%, while white employees amount to 6,1% of the headcount.

- African: 41 609
- Coloured: 4 796
- Indian: 1 489
- White: 3 094

New hires

The new hire rate decreased to 2,3% (2024/25FY: 5,2%).

The average age of a Transnet employee is 42 years, with most of these employees in the 36 to 45 age category. While employees aged 18 to 25 years count for the minority of employees, new hires predominantly come from the 26 to 35 and 36 to 45 years age group.

- Average age of employees: 42 years
- Average age category of new hires: 26 to 35 years
- Greatest employee age category: 36 to 45 years
- Fewest employee age category: 18 to 35 years

Transnet recognises the diversity in its workforce and has a well-balanced and diverse age distribution among its employees.

- Age group 18 to 25: 741
- Age group 26 to 35: 10 063
- Age group 36 to 45: 23 256
- Age group 46 to 55: 12 913
- Age group 56 to 60: 2 890
- Age group 61 and older: 1 125

LOOKING AHEAD

Transnet will continue investing in employee development and retention. Programmes have been developed and implemented to integrate older employees into talent management interventions, ensuring they play a pivotal role in transferring skills and knowledge to the younger generation.

PEOPLE MANAGEMENT AND LEARNING continued

WORKFORCE EQUITY, INCLUSION AND TRANSFORMATION

Sustainable Development Outcome (SDO)	SDGs	Our ESG Strategic Pillar
Transformation through internal employment equity and influencing the suppliers' application of black economic empowerment.	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES	Strengthening our stakeholder orientation

As a significant South African parastatal, Transnet has a duty to build a diverse workforce. Our transformation agenda around equity, diversity, inclusion and transformation (EDIT) aims to correct historical injustices and workplace imbalances while complying with the B-BBEE legislation.

Transnet's transformation agenda is guided by the 2024 to 2029 Employment Equity Plan, lodged with the Department of Employment and Labour. The plan maintains our historical strength in Black representation and encourages a gender balance in leadership, meaningful disability inclusion and a rejuvenated youth pipeline.

Workforce overview at 31 March 2025

Metric	Headcount	% of workforce	Target 2024/25 %	Variance[1] pp
Total employees[2]	50 988	–	–	–
Black employees	47 820	93,8	92,0	+1,8
Female employees	16 844	33,0	33,0	–
Persons with disabilities (PWD)	1 081	2,1	3,0	-0,9
Youth (<35 years)	10 801	21,2	25,0	-3,8

1 *Variance = Actual minus Target (percentage-point (pp) difference).*
2 *Permanent and contract staff combined.*

Black employees' representation is at 1,8 percentage points above plan. This is the direct output of our skills development programmes, notably the School-of-Rail bursary, which is now producing skilled graduates. By contrast, people with disabilities and youth fall short by 0,9 pp and 3,8 pp, respectively, a reminder that Transnet's accessibility retrofits and graduate-intake approvals must accelerate in the year ahead.

Representation in leadership tiers

Leadership tier	Black %	Female %	PWD %
Top management	88,6	45,1	1,6
Senior management	90,9	36,9	0,5
Professional	91,8	43,0	1,7

Over the past year, Transnet made strong progress in transformation. Nearly half of top-management roles are now held by women, up from 35% three years ago. This was driven by the Women in Leadership fast-track programme, which promoted 17 senior women in the 2024/25 financial year. Black representation also surpassed the 93% target and women now hold 75% of executive positions.

However, disability inclusion remains a concern. Representation of persons with disabilities is still below 2% at all levels. The workplace is not yet fully accessible and succession planning does not consistently include accessibility criteria. Youth attrition also continued, as limited internal hiring did not fully absorb graduate placements. Plans to expand the apprenticeship intake are in place but have not yet been funded.

Transnet's racial equity foundation is firm, and gender momentum is growing. The 2024/25FY to 2029/30FY prioritises unlocking disability access and revitalising the youth pipeline. Delivery will depend on line managers' accountability, targeted recruitment and workplace redesign.

Employee relations

At Transnet, we recognise the critical role that unions and collective bargaining play in fostering a fair and collaborative work environment.

Transnet upholds the right to freedom of association as a fundamental labour principle, in line with the South African Constitution and labour relations legislation. We manage freedom of association and collective bargaining through the Transnet Recognition Agreement, which we have concluded with two recognised unions, the South African Transport and Allied Workers Union (SATAWU) and the United National Transport Union (UNTU). Negotiation of collective agreements and dispute resolution is spearheaded by the Transnet Bargaining Council (TBC), which is established under the auspices of the CCMA. The TBC handles approximately 200 disputes every financial year. The Transnet Bargaining Council is also responsible for the management and verification of union membership.

Transnet is a highly unionised workplace, which has been advantageous for sound collective bargaining practices. At year-end, 82% of Transnet's 46 014 bargaining unit employees in Transnet belonged to a union. These include:

- SATAWU: South African Transport and Allied Workers Union;
- UNTU: United National Transport Union;

In 2024/25FY, there were no disputes declared and no major work stoppages. The following measures are in place to prevent industrial action:

- Transnet has a comprehensive contingency framework to safeguard operations should a strike arise; and
- CCMA intervention and constant communication to employees, including being transparent and sharing the financial situation with the union leadership, has improved relations and union leaders' and employees' understanding of our current financial context.

The collective bargaining platform as critical in understanding the employees' expectations during each bargaining cycle. In alignment with the Recognition Agreement (entered into between Transnet and signatory unions), Transnet has established a Main Strategic Leadership Forum and Task Team, which outlines the various consultative structures for employee relations management. The Group Chief Executive meets with labour unions each quarter to discuss financial sustainability, national and global trends, corporate plans and performance. The Task Team meets monthly and consults on issues such as policies, new projects and matters of mutual interest.

Employee Grievance Mechanism Policy and Governance

The Transnet Grievance Policy is published on the Intranet and aims to provide management and employees with a credible way to prevent or resolve grievances quickly and objectively. The policy protects the rights of Transnet and all its employees. It acknowledges the rights of employees to raise grievances which impact the workplace or impede their rights.

Employees can lodge grievances through a system which triggers a response from Employee Relations, People Management and line management. The system enhances the management and escalation process, minimising delays and bottlenecks. The policy stipulates the timeframes and process required. People Management executives and managers directly oversee grievance resolution. The RemSEC review grievance data reports every quarter.

Group Employee Relations is working on making the process of managing grievances less cumbersome by streamlining and digitalising the process of lodging grievances.

Position on human rights

Our Anti-Harassment, Discrimination and Workplace Bullying Policy outlines Transnet's position against human rights violations and resulting disciplinary action in the case of a transgression. The right to dignity and respect for all employees, visitors and contractors must be protected across all Transnet's operations. Transnet considers unfair discrimination, violence, victimisation, harassment, and workplace bullying as a violation of human rights. This also extends to business partners identifiable within its value chain.

EMPLOYEE ENGAGEMENT

Recognising the importance of an inclusive engagement, we deepened collaboration with organised labour through structured employee and union engagement forums, fostering transparency, trust, and shared ownership of our transformation goals. These engagements played a pivotal role in co-creating solutions to workforce challenges and aligning on key strategic priorities. Our people management efforts were further supported by enhanced wellness programmes, succession planning, and diversity and inclusion initiatives ensuring that Transnet remains an employer of choice and a catalyst for socio-economic development in South Africa.

PEOPLE MANAGEMENT AND LEARNING continued

SKILLS DEVELOPMENT AND PEOPLE ANALYTICS

Sustainable Development Outcome (SDO)	SDGs	Our ESG Strategic Pillar
Skills development by improving human capabilities and building the productive capacity of people, within and outside the Company.	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS	Investing in sustainable business

Skills development drives operational efficiency, inclusive growth and long-term sustainability.

Transnet has several initiatives to develop, attract and retain critical and scarce skills. These include on-the-job training, bursaries, technician and engineering development programmes and succession planning.

Transnet's learning and development activities align with its workplace skills plan, R4G Strategy, corporate plan and Shareholder Compact.

Skills planning, development and funding overview

Strategic element	Description
Skills planning through legislative requirements	Planning to ensure that the required skills are developed through tasks, strategies and schedules. This forms part of the workplace skills plan, B-BBEE, employment equity targets, and the National Skills Development Plan (NSDP) 2030.
Skills development, monitoring and evaluation	Cross-checking of training completed against the set targets submitted in the workplace skills plan. Appropriate decisions are made regularly and ensure that training is implemented as planned. Data analytics is used to identify insights in training data and assist in decision-making.
Skills development funding	Various partnerships with potential funders to source additional funding for training purposes. Implementing the workplace skills plan ensures the Transport Education Training Authority (TETA) reimburses 20% of the mandatory grant. Through the discretionary grant window, Transnet can apply for Discretionary grants as per the Skills Development Levies Act.

Our short to medium-term focus addresses workforce skills gaps, future talent needs, data integrity and B-BBEE compliance. Key areas include centralised reporting with significant workforce and data management, and B-BBEE compliance demands.

Transnet allocates 2,5% of its annual labour cost to employee training to boost performance and operational efficiency. Mandatory and discretionary TETA grants partly offset this spend. Transnet spent R860 million on skills development (2023/24FY: R837 million).

	2024/25FY R million	2023/24FY R million	2022/23FY R million
Total spend on skills development	**860**	837	735
B-BBEE skills development points achieved	**12**	15	22
Skills development programme:			
Apprentice programme	**40**	42	29
Technicians-in-Training (TIT)	**52**	96	63
Engineers-in-Training (EIT)	**33**	96	84
Young Professionals-in-Training (YPT)	**81**	87	105
Chartered Accountants in Training	**0**	2	–
Technical Learner	**14**	26	17
Engineering and non-technical bursars	**12**	11	68
Learnership Development	**38**	0	1
Marine Cadet	**4**	10	-
Sector-specific training	**9**	14	31
Percentage of training spend (actual) (%)	**2,6**	2,7	2,5
Percentage of training spend (target) (%)	**2,5**	2,5	2,5

Most of the KPIs on the skills scorecard were met or exceeded, except for the Chartered Accountant in training programme, due to learners leaving the Group. Despite Transnet's challenges, the Company is committed to improving socio-economic outcomes through skills development for employees and unemployed youth. TETA has recognised Transnet as one of the top organisations for implementing skills development programmes.

Talent planning and analytics are used to ensure a robust, future-ready workforce. By consolidating information from multiple data sources, from manpower levels and productivity metrics to driver pools and attrition trends, decision-makers gain near real-time insight into skill gaps and labour requirements. Scenario-based modelling further refines this process, enabling planning teams to consider different macroeconomic or operational conditions while aligning resource allocations.

Transnet completed a five-year skills gap report to determine future skills requirements and implemented skills enhancement plans to develop areas, including technical expertise.

Measures for continual improvement:

- Use systems to capture targeted training programme results, including monthly skills development monitoring, corporate plan KPIs and data analysis to inform decision-making;
- Collaborate with educational institutions and funders to invest in continuous learning platforms, advanced data analytics tools and a B-BBEE monitoring tool; and
- Comply with the Skills Development Act and the Skills Development Levies Act by submitting our workplace skills plan and the Annual Training Report (ATR) as documented in our corporate plan.

PEOPLE MANAGEMENT AND LEARNING continued

B-BBEE AND ESD

Sustainable Development Outcome (SDO)	SDGs	Our ESG Strategic Pillar
Industrial capability building **by pursuing activities that promote industrial development and improve competitiveness.**	9 Industry, innovation and infrastructure; 10 Reduced inequalities; 17 Partnerships for the goals	Investing in sustainable business

By anchoring procurement choices to explicit development returns, Transnet aims to turn routine purchasing into an industrial-capability programme that advances transformation targets and strengthens the national logistics value chain.

Transnet's preferential procurement and ESG policies influence the Group's spending decisions for its R58,8 billion external spend portfolio.

Performance in 2024/25FY

This year, Transnet introduced two policy instruments to retain a Level 2 B-BBEE contributor status, expand the share of empowered and locally produced spend, and direct a minimum of 3% of NPAT into supplier development support to lift Black SMEs to tier one vendor status.

- ESD and Localisation Strategy, which links B-BBEE spend to verifiable development outcomes; and
- The Preferential Procurement Policy re-establishes the local-content requirements that fell away when the 2017 PPPFA regulations were set aside.

Transnet's B-BBEE score has remained above 100% for three years, showing that empowered companies secured most of its contracts. The Transnet Preferential Procurement Policy, effective June 2024, restored Transnet's ability to stipulate local content. Compliance for designated products climbed to 68% (2023/24FY: 85%).

Government also granted Transnet B-BBEE facilitator status, which means that our equity stake in future rail-slot or terminal partnerships is considered 100% Black-owned, with private sector partners to commit to clear ESD and localisation targets.

Preferential procurement trends

	2024/25FY R million	2023/24FY	2022/23FY	Three-year increase/ decrease	Observed trend
Total measured procurement spend (TMPS)	**33 630**	27 580	26 820	▲25%	TMPS rose almost 25%, reflecting more goods and services procured across the Group.
Recognised B-BBEE spend/ TMPS	**105,65%**	112,59%	112,54%	▼6,9 pp	The ratio declined but remains above the 80% benchmark for State-owned companies. A percentage above 100 occurs because the B-BBEE Codes allow extra recognition for qualifying suppliers.
Black-owned suppliers	**58,75%**	56,75%	54,80%	▲4 pp	More than 50% of all measured spend went to companies that are at least 51% Black-owned. This rise shows that Black-owned businesses increasingly win large and small contracts.
Black women-owned	**35,91%**	33,89%	33,56%	▲2,4 pp	Over one-third of the spend is with Black women-owned companies, above the 15% target.
Black youth-owned	**7,00%**	7,64%	7,64%	▼0,6 pp	The spend with youth-owned companies was stable at 7%, above the 5% guideline. This year's dip results from a larger TMPS base rather than a fall in Rand value spent with these companies.
EMEs (< R10m t/o)	**15,52%**	17,35%	17,56%	▼2 pp	Micro-enterprises still receive a significant share, but this year's spend dropped due to the award of several large projects. These were too large to be awarded to micro-enterprises.
QSEs (R10–50m)	**15,95 %**	9,60%	13,12%	▲2,8 pp	Mid-sized suppliers recovered strongly to 15,95%, close to the 20% stretch target and higher than 2022/23FY. In 2023/24FY, mid-sized Black-owned businesses, with turnover between R10 million and R50 million, secured fewer contracts than micro-enterprises and large groups. By breaking large signalling and overhead line projects into smaller work packages, their share recovered in 2024/25FY.
PWD-owned suppliers	**0,11 %**	0,15 %	0,17 %	▼0,06 pp	Procurement from businesses owned by persons with disabilities remains below the 1% goal, highlighting an area that needs specific corrective action. Market mapping indicates that these companies are rare in heavy engineering, but more active in ICT, stationery and soft services.

ESD trends

	2024/25FY	2023/24FY	2022/23FY	Three-year increase/ decrease	Observed trend
Total ESD spend (R million)	**321**	254	407	▼21%	ESD spend dipped sharply during the 2023/24FY cash conservation drive but rebounded with the new ESD and Localisation Strategy approved in August 2024. This confirms that ESD funding was deferred, not cancelled, and remains above the 3% of the NPAT mark.
Cash grants	**31**	63	51	▼38%	Direct grants fell as management redirected limited cash to the early-payment facility while finalising new grant-selection rules. Since 2022/23FY, the Group has channelled about R950 million in grants and accelerated payment support to suppliers.
Local content spend (R million)	**1 400**	1 400	—		Local content reporting resumed as the Preferential Procurement Policy took effect in June 2024. Compliance on designated products reached 85,3%, equivalent to R1,4 billion of orders for South African factories. Since 2022/23FY, Transnet has placed R2,8 billion of orders that had to be made in South Africa.
ESD hub walk-ins	**432**	389	362	▲19%	Footfall at the five regional hubs has increased, with nearly half of the visitors for 2024/25FY being youth-owned companies. Since 2022/23FY, just over 1 200 advisory sessions were delivered through the five ESD hubs.

LOOKING AHEAD

Transnet is poised to deepen its transformation agenda and drive inclusive economic growth through enhanced supplier development and localisation. The introduction of the Enterprise Supplier Development (ESD) and Localisation Strategy and the reinstated Preferential Procurement Policy marks a pivotal shift toward outcomes-based empowerment.

SAFETY, OCCUPATIONAL HEALTH AND WELLNESS

Sustainable Development Outcome (SDO)	SDGs	Our ESG Strategic Pillar
Health, safety and wellness refer to activities that improve the physical and mental health, well-being and safety of Transnet employees and the communities within which we operate.	3 GOOD HEALTH AND WELL-BEING	Investing in sustainable business

Transnet prioritises employee occupational health, safety and wellness over production activities.

Neglecting employees' health and safety conditions encourages absenteeism, which has financial implications and possible legal penalties. In addition, Transnet must protect the public, with an emphasis on rail safety at Freight Rail.

Risk management and governance

Risk management: Occupational health, safety and wellness (OHSW) risks are identified through Transnet's ERM process, regulatory compliance, the ISO-aligned integrated management system.

Governance: OHSW-related matters are reported to the RemSEC every quarter and are a standing agenda item for EXCO meetings. To strengthen governance structures, Transnet has established the Transnet Safety Policy and the Occupational Health and Wellness Policy.

SAFETY PERFORMANCE IN 2024/25FY

- Continued the 10-point Safety Plan rollout following its launch in 2023/24FY. The plan fosters proactive safety behaviours, compliance metrics and leadership accountability across all business units. Quarterly audits ensure continuous improvement;
- Implemented a Safety Recovery Plan to provide a holistic, integrated framework for managing safety risks. Key oversight measures include tracking of audit outcomes and corrective actions, identification and closing implementation gaps across and monitoring safety performance trends; and
- Integrated safety performance measures into our employees' performance management contracts to drive more consistent and responsible safety practices.

Employees' LTIs and LTIFR

The overall occupational safety performance declined, with key indicators exceeding set tolerance thresholds. The Lost Time Injury Frequency Rate (LTIFR) for 2024/25FY was 0,77, above the acceptable limit of 0,75.

	Number of Lost Time Injuries (LTIs)		LTIFR: Target 0,75	
Segment	2024/25FY	2023/24FY	2024/25FY	2023/24FY
Transnet Group	500	425	0,77	0,71

Employees and public fatalities

Transnet recorded seven work-related fatalities, more than double the number reported in 2023/24FY. Freight Rail had five fatalities while TNPA and TPT recorded one each. Despite the rollout of strengthened community safety awareness initiatives to reduce the railway-related incidents, public deaths increased to 83. These included trespassing incidents (49), level crossing collisions (17) and bodies found near railway tracks (17).

The target for employee fatalities and railway-related public fatalities is zero. Internal investigations revealed the following underlying issues contributing to the deterioration in safety performance:

- Inconsistent adherence to standard operating procedures;
- Weaknesses in frontline supervision and safety enforcement;
- Gaps in behavioural safety culture and hazard awareness; and
- Increase in motor vehicle-related incidents within operations.

LOOKING AHEAD

Informed by the outcome of a root cause investigation and analysis of this year's undesirable safety performance, the following were identified as the key areas of focus to turn around the adverse safety performance:

- Optimising shift lengths to reduce fatigue, which significantly impairs judgement and reaction times. Implementing a comprehensive fatigue management programme involves prioritising rest and recovery, enhancing alertness and reducing exhaustion-related accidents;
- Increasing active supervision and observation of high safety-risk activities to ensure that safety protocols are consistently applied during high-risk tasks;
- Increasing leadership visibility with intense engagement on safety practices; and
- Prioritising awareness of the safe operation of railway points and enhancing expertise in this area.

Our commitment to occupational health and safety

This year highlighted significant setbacks in Transnet's occupational and public safety outcomes. Implementing the 10-Point Safety Plan and the Safety Recovery Plan reflects Transnet's commitment to restoring safety performance and achieving a zero harm.

OCCUPATIONAL HEALTH AND WELLNESS

With structured oversight, robust auditing, and leadership-driven accountability, Transnet is positioned to deliver a safer environment for employees, contractors and communities.

Performance in 2024/25FY

- Zero regulatory non-compliance penalties, improved employee utilisation and participation in wellness initiatives and programmes;
- Maintained a Letter of Good Standing with the Compensation Fund for workplace injuries and diseases; and
- Piloted an electronic data management system to enhance processes such as the injury on duty and absenteeism management systems.

In 2024/25FY, 696 occupational injuries were reported (2023/24FY: 693). Transnet conducted periodic medical surveillance, targeting employees who frequently complete high-risk tasks. The surveillance results inform the required health risk interventions. Although the employee absenteeism costs escalated, the absenteeism rate reduced to 1,90% compared to 23/24FY rate at 3,34%.

EAP reported categories

The Employee Assistance Programme (EAP) is a core component of Transnet's employee health and wellbeing offering. The EAP offers employees and their immediate dependants support for debt management and financial planning, substance abuse rehabilitation, referrals, chronic disease awareness and self-empowerment initiatives.

While the number of telephonic EAP engagements has declined year-on-year, the number of face-to-face EAP engagements has increased. The total EAP engagements were 4 038 (2023/24FY: 4 464). The top five categories reported remain consistent with 2023/24FY, as trauma, work-related issues, family issues and mental health.

LOOKING AHEAD

We will continue investing in a digitised employee health management system to improve the internal controls, employee engagement, and an enhanced wellness offering.

GCFO's **REVIEW**

The 2024/25 financial year marked a critical point in Transnet's operational and financial recovery journey. Despite persistent macroeconomic pressures and internal structural challenges, the Group made meaningful progress in stabilising its financial position and laying the groundwork for long-term financial sustainability.

PROGRESS WITH PURPOSE: ADVANCING FINANCIAL RECOVERY

Guided by the Tactical Recovery Plan and supported by decisive Government intervention, Transnet has turned a corner. Revenue growth, improved cost discipline and enhanced operational efficiencies contributed to a significantly reduced net loss and a stronger earnings profile. The Group's capital investment programme, funding strategy and governance reforms are beginning to yield measurable results.

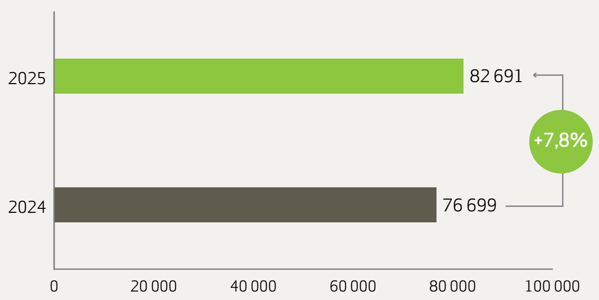
FINANCIAL PERFORMANCE

Revenue

Revenue rose 7,8% to R82,7 billion (2024: R76,7 billion). This growth was primarily driven by weighted average tariff increases and a moderate recovery in rail volumes, offset by lower container and petroleum volumes. Due to lower transshipment volumes, cross-border revenue declined slightly to R3,3 billion (2024: R3,6 billion). The overall revenue improvement is a strong indicator of Transnet's underlying commercial resilience and its value-generating ability.

Transnet is addressing infrastructure bottlenecks, improving locomotive and wagon availability, and enhancing network reliability. These efforts will unlock further volume growth and revenue potential in the short to medium term.

REVENUE
(R million)



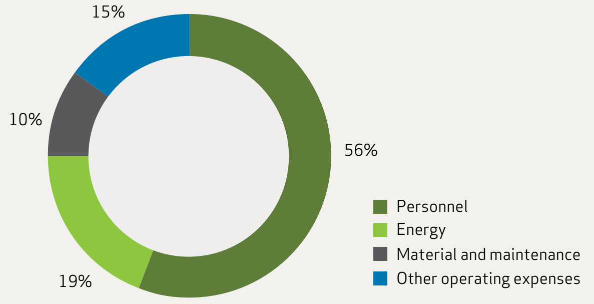
Net operating expenses

The overall decline in expenses signals a more efficient cost base and improved financial discipline. These efficiencies will be enhanced through ongoing digitisation, procurement reform and tighter budget controls.

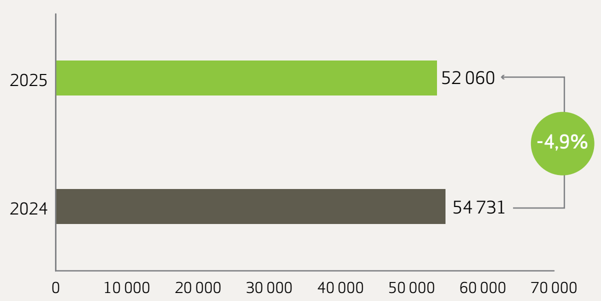
Net operating expenses declined by 4,9% to R52,1 billion (2024: R54,7 billion), reflecting disciplined cost containment and improved operational efficiency. This reduction was achieved despite inflationary pressures and increased spending on security and energy. The Group reduced discretionary costs, including travel, social investment, and environmental management expenses. The successful settlement of the Natref third-party claim contributed to a meaningful reduction in the cost base, helping to improve the overall financial position and significantly reducing the net loss for the year.

Personnel costs rose due to wage agreements and increased staffing at ports, while electricity and security costs climbed due to tariff hikes and the need to combat theft and vandalism.

OPERATING EXPENSE CONTRIBUTION BY CATEGORY



TOTAL NET OPERATING EXPENSES
(R million)



EBITDA

EBITDA has increased by 39,4% to R30,6 billion (2024: R22,0 billion). Revenue gains and lower operating expenses led to an improved EBITDA margin of 37,0%, up from 28,6% in 2024.

Depreciation and amortisation

Depreciation, derecognition and amortisation of assets increased by 7,9% to R19,1 billion (2024: R17,7 billion), mainly attributable to the revaluation of port facilities, rail infrastructure and pipelines, and capital expenditure for the year.

Nosipho Maphumulo
Group Chief Financial Officer

Fair value adjustments

A fair value gain of R1,8 billion was recorded, a significant increase from R432 million in 2024. This notable improvement was driven by the revaluation of Transnet's investment property portfolio, which comprises a broad mix of South African commercial and industrial properties.

The higher valuation reflects favourable market conditions and the strategic management of these assets. The investment property portfolio is a reliable store of value and is increasingly important in supporting the Group's financial resilience. It also offers meaningful potential for revenue diversification, as Transnet intensifies efforts to unlock value through more active asset utilisation and development.

HIGHLIGHTS

REVENUE
R82,7 billion
(2024: R76,7 billion)

EBITDA
R30,6 billion
(2024: R22,0 billion)

Net loss
R1,9 billion
(2024: R7,3 billion)

Net finance costs

Net finance costs increased by 6,8% to R14,7 billion (2024: R13,8 billion) due to higher borrowings to support capital investment and meet liquidity needs. Despite rising costs, Transnet's funding strategy focuses on securing long-term, cost-effective financial instruments. This approach has helped the Company to reliably manage its debt service obligations.

Transnet continues diversifying its funding sources and extending its debt maturity profile. These efforts reduce refinancing risk and contribute to greater financial stability. The recent R51 billion Government guarantee has strengthened Transnet's credit position and provided additional flexibility to meet its funding requirements.

Taxation

A tax credit of R489 million was recognised, reflecting the Group's current loss position. The effective tax rate was 20,42% (2024: 25,33%). As Transnet approaches profitability, it anticipates transitioning into a tax-paying position and contributing positively to national revenue.

Net loss movement

The net loss narrowed significantly to R1,9 billion, a 74,0% improvement from the R7,3 billion loss in the prior year, demonstrating that Transnet is on a credible path to recovery.

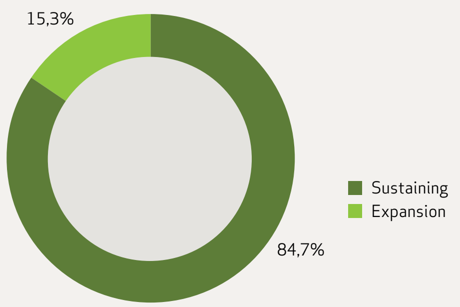
GCFO's REVIEW continued

Capital expenditure

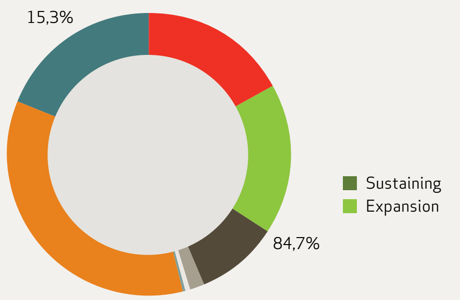
Capital investment rose 44,2% to R24,0 billion (2024: R16,7 billion). We plan to invest R127,7 billion over the next five years, with 84,7% focused on sustaining and refurbishing core assets.

Over 50% of the planned investment will be channelled into key commodity corridors, including coal, iron ore, containers and energy, positioning Transnet to play a pivotal role in South Africa's industrial and export growth. These investments will drive volume recovery and revenue growth, accelerating the return to profitability.

PLANNED CAPITAL EXPENDITURE



TOTAL FIVE-YEAR INVESTMENT: R127,7 BILLION



Strategic commodities R65,5 billion 51,3% of total five-year investment	15,2	Coal	R19,4 billion
	14,6	Containers	R18,6 billion
	11,0	Iron ore	R14,1 billion
	8,4	Energy	R10,7 billion
	1,4	Manganese	R1,8 billion
	0,5	Chrome and magnetite	R0,6 billion
	0,2	Automotive	R0,3 billion
	0,0	Agriculture	R0,0 billion
General Freight and other R62,2 billion 48,7% of total five-year investment	32,1	General Freight	R41,0 billion
	16,6	Other	R21,2 billion

Funding perspective

At year-end, Transnet's total borrowings increased to R144,8 billion (2024: R137,7 billion). This increase supported the Tactical Recovery Plan and enabled the Company to address critical infrastructure maintenance and service delivery needs.

Transnet maintains access to debt capital markets, primarily through its Domestic Medium-Term Note (DMTN) Programme and long-term loan facilities. The funding outlook was further strengthened by a R51 billion Government guarantee approved by National Treasury in May 2025, of which R41 billion is allocated to capital expenditure and loan redemptions, and R10 billion to support liquidity. In line with its funding strategy, Transnet raised R27,7 billion during the year through a combination of bonds and bank loans, including prefunding for 2025/26FY to ensure a stable liquidity position.

For 2024/25FY, Transnet recorded a cash interest cover (CIC) ratio of 1,8 times. This fell below the required minimum thresholds of 2,5 and 2,0 times for certain loan agreements, resulting in a technical breach on loans with a combined capital balance of R38,6 billion. Transnet is engaging with affected lenders to secure waivers and remains confident that these will be granted upon completion of internal approval processes.

Despite the temporary covenant breach, Transnet's credit profile has improved due to the Government guarantees, which have reduced the need for restrictive financial covenants in new funding arrangements. While the increase in debt levels and associated borrowing costs have constrained cash flows, the recent funding secured is structured over longer tenures and at concessionary rates, helping to ease near-term financial strain.

The Board acknowledges the concerns raised by credit rating agencies but believes these are being addressed through focused operational improvements, supported by the capital investment programme and continued Government backing. These measures reinforce Transnet's ability to meet its obligations and support its recovery towards financial sustainability.

Credit ratings

On 7 August 2025, Moody's announced their ratings decision which bought to an end the review for downgrade they initiated on 15 May 2025. Moody's highlighted that the decision by government as announced on 27 July 2025, to issue further guarantees to Transnet of up to R94,8 billion was an indication of a strong commitment by the government to continue supporting Transnet's liquidity and will assist in the mitigation of risks resulting from operational challenges and weak capital structure.

On 10 July 2025, S&P Ratings announced its decision to downgrade Transnet's credit ratings. The ratings action was driven by S&P's view that Transnet's capital structure is unsustainable without extraordinary government support, elevated leverage, less than adequate liquidity, and ongoing covenant breaches.

Transnet's current credit ratings are depicted in the table below:

Rating category	Moody's	S&P
Foreign currency rating/corporate family rating (CFR)	Ba3/Stable outlook	B+/Stable outlook
Local currency rating/corporate family rating (CFR)	Ba3/Stable outlook	B+/Stable outlook
National scale rating (NSR) – long and short term	A1.za/P-1.za	zaA/zaA-1
Standalone credit rating (BCA/SA CP)	Caa1	ccc+

Going concern assessment

Management's assessment confirms that Transnet is a going concern. The 2025/26FY corporate plan projects continued financial improvement, supported by operational recovery and strategic investment. With a clear roadmap in place, Transnet is well-positioned to return to profitability and play a leading role in South Africa's economic development.

PFMA COMPLIANCE

During 2024/25FY, Transnet resumed full compliance with the Public Finance Management Act (PFMA) following the expiry of a temporary exemption granted by National Treasury. This exemption, which ended on 31 March 2024, allowed the Company to strengthen its internal control environment without the immediate pressure of reporting legacy irregularities. It enabled the implementation of a comprehensive remedial plan, including supply chain management improvements, digitisation of procurement processes and the development of a PFMA compliance framework. During the exemption period, Transnet experienced a decline in new irregular expenditure, reflecting the reforms' effectiveness.

PFMA reportable items

For 2024/25FY, the Company disclosed PFMA reportable items amounting to R3,2 billion. This comprised R3,2 billion in irregular expenditure and R42 million in fruitless and wasteful expenditure. Notably, most irregular expenditure relates to legacy issues tied to ongoing multi-year contracts that have not yet been formally condoned. These are not the result of new procurement violations but reflect historical non-compliance that continues to be accounted for in line with regulatory requirements.

Transnet has significantly improved its governance and reporting capabilities and remains committed to sustaining this progress while ensuring full compliance with the PFMA.

OPERATING DIVISION OVERVIEW

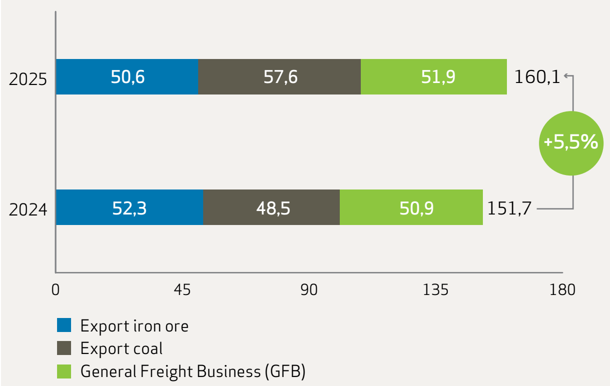
Transnet Freight Rail

Freight Rail is a central pillar of the Company's logistics operations and is vital in supporting South Africa's bulk commodity exports. Revenue increased 9,2% to R42,7 billion, underpinned by a 5,5% rise in volumes to 160,1 million tonnes. This growth reflects the early benefits of ongoing strategic initiatives to stabilise and improve rail performance.

Net operating expenses rose 8,3% to R33,7 billion (2024: R31,1 billion) due to higher energy costs and other operating expenses.

Freight Rail delivered a notable improvement in EBITDA, reaching R8,6 billion (2024: R8,0 billion). This was driven by more efficient asset utilisation, focused maintenance efforts, and a gradual restoration of customer confidence.

RAIL VOLUMES
(mt)



Transnet Engineering

Revenue increased by 8,5 % to R10,7 billion (2024: R9,8 billion), driven by higher internal revenue from Freight Rail. Cross-border revenue declined to R65 million (2024: R261 million), reflecting a strategic shift toward local engineering output in line with the Transnet Recovery Plan.

Net operating expenses rose by 19,6 % to R12,0 billion (2024: R10,0 billion) primarily due to higher materials costs for increased locomotive manufacturing. Energy and maintenance costs also rose due to intensified servicing of the long-standing locomotive fleet to return more units to operational status.

EBITDA loss widened to R1,3 billion compared to R0,2 billion in 2024. Strategic investments in local production capabilities, operational efficiency and fleet reliability lay the groundwork for improved future financial performance and a stronger contribution to broader organisational goals.

GCFO's REVIEW continued

Transnet National Ports Authority

Revenue grew by 4,9% to R14,7 billion (2024: R14,0 billion), supported by steady growth in cargo dues and strong performance in real estate revenue despite a slight decline in average volume growth.

Operating expenses increased moderately by 4,1 % to R6,6 billion, reflecting strategic investments in labour and operational capacity.

EBITDA increased by 5,6% to R8,1 billion (2024: R7,7 billion). Overall, the business delivered solid financial results with continued momentum in key revenue streams and improved profitability. This supports a positive outlook.

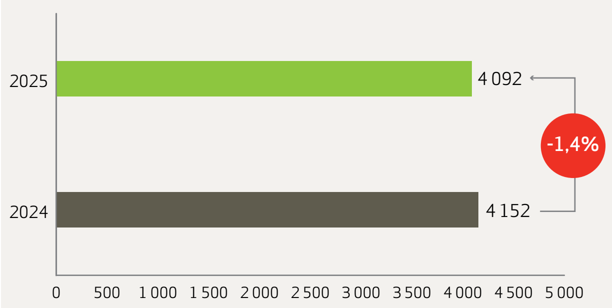
Transnet Port Terminals

TPT's revenue increased by 5,7% to R19,5 billion (2024: R18,5 billion), supported by strong performance in the break-bulk and automotive sectors.

Operating expenses rose by 11,5% to R13,5 billion, reflecting increased Group recoveries, customer claims, rental costs and electricity and IT expenses. While fuel costs declined due to lower volumes and fuel prices, the overall cost base remains elevated.

EBITDA declined by 5,5% to R6,0 billion, down from R6,3 billion, due to higher labour costs linked to operational enhancements, including implementing a fourth shift. TPT is well-positioned for long-term growth, supported by planned investments in terminal equipment automation and process optimisation, which will boost efficiency and service delivery.

CONTAINER VOLUMES
(TEUs)



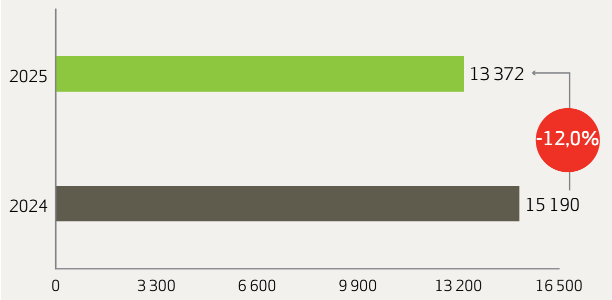
Transnet Pipelines

Revenue increased by 21,8% to R8,2 billion (2024: R6,7 billion). This growth was driven by favourable tariff adjustments approved by NERSA, despite declining petroleum volumes transported.

Operating expenses declined significantly by 109,1% to R1,0 billion (2024: R6,7 billion), primarily due to the absence of a large litigation claim that impacted the prior year's results.

As a result, EBITDA surged to R8,8 billion, compared to R0,01 billion in the previous year. With continued focus on reliability, safety, and regulatory compliance, TPL is expected to sustain its strong performance and contribute meaningfully to Group profitability.

PETROLEUM VOLUMES
(million litres)



AUDIT OPINION

The Auditor-General of South Africa, the Company's independent statutory external auditor, has expressed an unmodified audit opinion on the Annual Financial Statements for the year ended 31 March 2025.

OUTLOOK

The focus will be on unlocking revenue growth, enhancing service delivery and building long-term resilience. With continued execution and collaboration, Transnet will return to profitability and deliver lasting value to the South African economy.

Transnet is entering a promising period of growth and renewal. With the R4G Strategy progressing, the Company is moving steadily toward profitability. Improvements in operations, focused investments and strong stakeholder support are re-establishing Transnet as a reliable, efficient, financially sound logistics provider.

APPRECIATION

I sincerely thank all our stakeholders for their continued support and commitment during this critical phase of Transnet's recovery. Your contributions have enabled our progress under the Tactical Recovery Plan.

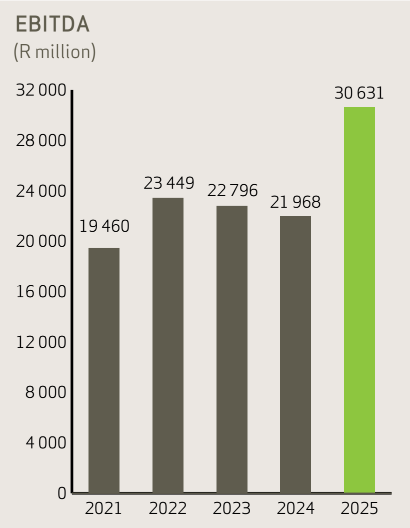
I am especially grateful to the Department of Public Enterprises, the Department of Transport and National Treasury for their unwavering support, strengthening our financial position. I am grateful to our lenders and financial partners for their collaboration and flexibility, particularly in granting covenant waivers and supporting our funding strategy.

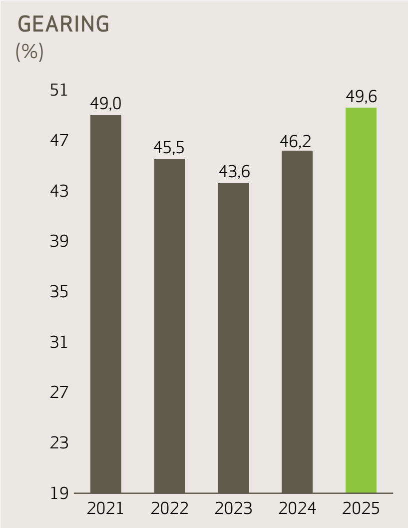
Nosipho Maphumulo
Group Chief Financial Officer

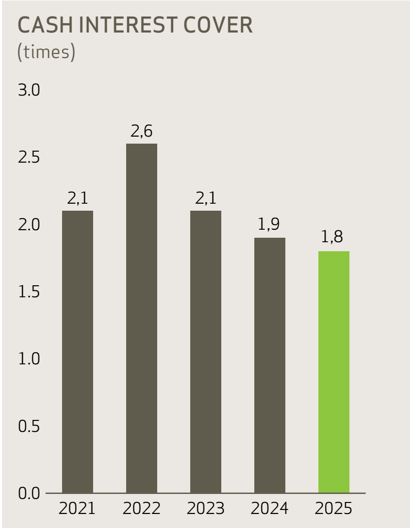
An in-depth analysis of the company's latest annual financial results by the GCFO, Ms Nosipho Maphumulo.

OPERATING DIVISIONS' **REVIEW**

FIVE-YEAR REVIEW: KEY PERFORMANCE INDICATORS







INCOME STATEMENT

for the year ended 31 March 2025

	GROUP	
	2025 R million	2024 R million
Revenue	**82 691**	76 699
Net operating expenses excluding depreciation, derecognition and amortisation	**(52 060)**	(54 731)
Profit from operations before depreciation, derecognition, amortisation and items listed below	**30 631**	21 968
Depreciation, derecognition and amortisation	**(19 085)**	(17 689)
Profit from operations before the items listed below	**11 546**	4 279
Impairment of financial assets	**(666)**	(772)
Impairment and devaluation of non-financial assets	**(157)**	193
Dividends received	**–**	–
Post-retirement benefit obligation expense	**(163)**	(179)
Fair value adjustments	**1 755**	432
Income/(loss) from associates and joint ventures	**2**	10
Profit from operations before net finance costs	**12 317**	3 963
Finance costs	**(15 239)**	(14 284)
Finance income	**527**	509
(Loss)/profit before tax	**(2 395)**	(9 812)
Tax	**489**	2 485
(Loss)/profit for the year	**(1 906)**	(7 327)

HEADLINE EARNINGS

for the year ended 31 March 2025

	GROUP	
	2025 R million	2024 R million
(Loss)/profit for the year attributable to equity holder	**(1 906)**	(7 327)
Loss on disposal of property, plant and equipment	**(277)**	169
Fair value adjustments on investment properties	**(1 868)**	(615)
Impairment of non-financial assets	**157**	(193)
Headline earnings before tax effects	**(3 894)**	(7 966)
Tax effects		
Loss on disposal of property, plant and equipment	**75**	(46)
Fair value adjustments on investment properties	**403**	133
Impairment of non-financial assets	**(42)**	52
Headline earnings	**(3 458)**	(7 827)

OPERATING DIVISIONS' REVIEW continued

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March 2025

	GROUP 2025 R million	GROUP 2024 R million
Non-current assets	**339 813**	336 148
Current assets	**27 054**	28 488
Total assets	**366 867**	364 636
Capital and reserves	**134 349**	138 095
Non-current liabilities	**140 240**	135 609
Current liabilities	**92 278**	90 932
Total equity and liabilities	**366 867**	364 636

STATEMENT OF CASH FLOWS
for the year ended 31 March 2025

	GROUP 2025 R million	GROUP 2024 R million
Cash flows from operating activities	**13 761**	14 246
Cash generated from operations	**21 990**	28 920
Changes in working capital	**6 636**	(118)
Cash generated from operations after working capital changes	**28 626**	28 802
Finance costs	**(14 722)**	(14 282)
Finance income	**527**	509
Tax refunded	**–**	2
Settlement of post-retirement benefit obligations	**(99)**	(107)
Derivatives settled and raised	**(571)**	(678)
Cash flows utilised in investing activities	**(24 818)**	(16 969)
Investment to maintain operations	**(19 739)**	(13 576)
Investment to expand operations	**(5 079)**	(3 393)
Cash flows from/(utilised in) financing activities	**7 165**	3 067
Borrowings raised	**27 870**	34 435
Borrowings repaid	**(20 705)**	(31 368)
Net increase in cash and cash equivalents	**(3 892)**	344
Cash and cash equivalents at the beginning of the year	**13 884**	13 540
Total cash and cash equivalents at the end of the year	**9 992**	13 884

SEGMENT INFORMATION
for the year ended 31 March 2025

	Freight Rail		Rail Engineering		National Ports Authority	
	Audited 31 March 2025 R million	Audited 31 March 2024 R million	**Audited 31 March 2025 R million**	Audited 31 March 2024 R million	**Audited 31 March 2025 R million**	Audited 31 March 2024 R million
External revenue	**41 859**	38 477	**315**	553	**11 987**	11 503
Internal revenue	**844**	628	**10 335**	9 264	**2 740**	2 538
Total revenue	**42 703**	39 105	**10 650**	9 817	**14 727**	14 041
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**8 992**	7 971	**(1 310)**	(187)	**8 081**	7 655
Total assets	**177 573**	171 670	**11 955**	11 380	**107 990**	103 790
Total liabilities	**156 165**	139 809	**14 330**	11 601	**24 847**	25 249
Capital expenditure	**16 416**	12 268	**67**	168	**2 908**	1 746
Cash generated from operations after working capital changes	**9 539**	5 618	**(2 212)**	3 515	**8 099**	7 457
EBITDA margin (%)	**21,1**	20,4	**(12,3)**	(1,9)	**54,9**	54,5
Number of employees	**21 688**	22 307	**7 478**	7 770	**3 818**	3 925

	Port Terminals		Pipelines		Total for reportable segments		All other segments		Total	
	Audited 31 March 2025 R million	Audited 31 March 2024 R million	**Audited 31 March 2025 R million**	Audited 31 March 2024 R million	**Audited 31 March 2025 R million**	Audited 31 March 2024 R million	**Audited 31 March 2025 R million**	Audited 31 March 2024 R million	**Audited 31 March 2025 R million**	Audited 31 March 2024 R million
External revenue	**19 501**	18 456	**8 149**	6 692	**81 811**	75 681	**880**	1 018	**82 691**	76 699
Internal revenue	**–**	–	**6**	5	**13 925**	12 435	**(13 925)**	(12 435)	**–**	–
Total revenue	**19 501**	18 456	**8 155**	6 697	**95 736**	88 116	**(13 045)**	(11 417)	**82 691**	76 699
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**5 987**	6 333	**8 764**	(1)	**30 514**	21 771	**117**	197	**30 631**	21 968
Total assets	**38 415**	34 519	**49 258**	44 498	**385 191**	365 857	**(19 256)**	(1 620)	**365 935**	364 237
Total liabilities	**8 578**	8 043	**22 173**	21 220	**226 093**	205 922	**6 425**	20 619	**232 518**	226 541
Capital expenditure	**3 537**	2 009	**297**	191	**23 225**	16 382	**807**	280	**24 032**	16 662
Cash generated from operations after working capital changes	**6 827**	6 715	**4 962**	4 766	**27 215**	28 071	**1 411**	731	**28 626**	28 802
EBITDA margin (%)	**30,7**	34,3	**107,5**	–	**31,9**	24,7	**n/a**	n/a	**37,0**	28,6
Number of employees	**9 206**	8 982	**661**	640	**42 851**	43 624	**2 599**	2 630	**45 450**	46 254

REGIONAL **INTEGRATION**

8 Decent work and economic growth
9 Industry, innovation and infrastructure
17 Partnerships for the goals

	2025 R million	2024 R million	2023 R million
REGIONAL REVENUE			
TFR cross-border revenue			
Actual	**3 122**	2 721	2 090
% change	**15%**	30%	
TE export revenue			
Actual	**65**	261	106
% change	**(75%)**	145%	
TNPA Africa revenue (transshipments)			
Actual	**36**	45	64
% change	**(21%)**	(30%)	
TPT Africa revenue (transshipments)			
Actual	**109**	138	149
% change	**(21%)**	(7%)	
Total regional revenue			
Actual	**3 332**	3 645	2 410
% change	**(9%)**	51%	
GEOGRAPHIC EXPANSION			
Zimbabwe			
Actual	**345**	140	nil
% change	**146%**	100%	
Zambia			
Actual	**128**	87	nil
% change	**47%**	100%	
Total geographic expansion			
Actual	**473**	227	nil
% change	**108%**	100%	
AFRICA VOLUMES			
Freight Rail – over-border freight (mt)			
Actual	**9 470 204**	9 198 788	7 647 947
% change	**3%**	20%	
Transshipments ('000 TEUs) TPT			
Actual (extrapolated)	**96 318**	129 875	6 834 986
% change	**(26%)**	(98%)	
Transshipments ('000 TEUs) TNPA			
Actual (extrapolated)	**477 636**	nil	nil
% change	**100%**		

GOVERNANCE AND **COMPLIANCE**

Effective internal controls are the backbone of responsible corporate governance, enabling Transnet to proactively manage risks, ensure operational efficiency, safeguard assets, uphold regulatory compliance, and protect the integrity of financial and non-financial reporting.

Transnet is committed to maintaining a sound system of internal controls that supports achieving its strategic objectives while safeguarding stakeholder interests. In 2024/25FY, Transnet implemented an integrated Internal Control Framework based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) principles. This framework provides a structured, principles-based approach to strengthening the design, implementation, and monitoring of internal controls across the Group.

As part of the rollout, targeted training is being conducted at the Group and Operating Division levels to enhance internal capability and embed a consistent understanding and implementation of the framework. As the framework matures and becomes more deeply integrated into Transnet's daily operations, it will reinforce a culture of accountability, transparency, and performance excellence.

The five components of the internal control have been integrated as follows:

Internal control environment	Risk assessment	Internal control activities	Information and communication	Monitoring activities
The tone set by the Board regarding the Company's cultural environment and corporate values significantly influences internal controls and reflects the attitude of management.	Process used to identify, analyse, treat and manage the potential risks that could hamper or prevent Transnet from achieving its objectives, focusing on putting measures in place to minimise identified risks from materialising.	Focusing on the adequacy, effectiveness and implementation of policies, techniques, mechanisms and procedures that ensure management of risks to an acceptable level and that directives are carried out appropriately.	Ensuring that the internal control environment, risk assessment and internal control activities are communicated with internal and external stakeholders, including providing accurate operational and financial data in a relevant, reliable and timely manner.	Reviewing whether internal controls are adequately designed, properly executed and are effective. The process includes developing monitoring and evaluating tools to ensure effective controls exist and are functioning properly. The monitoring of the effectiveness of internal control has been strengthened.

PROGRESS IN 2025

Control Self-Assessments (CSAs)

Transnet implemented a CSA plan, developed by Group Finance's governance risk and compliance (GRC) function in collaboration with Group functions and Operating Divisions' Internal Control Champions (ICCs). CSAs are a proactive internal control assessment mechanism that empowers process owners to confirm the adequacy and effectiveness of controls to mitigate risks within their environments. This approach fosters a culture of accountability, strengthens first-line assurance, and promotes early detection of control weaknesses. Embedding CSAs across the Group will enhance transparency, continuous improvement, and timely mitigation of risks. This ultimately contributes to a more resilient and risk responsive control environment.

Findings raised by the Auditor General of South Africa (AGSA)

AGSA raised 431 findings for 2023/24FY, of which 73% had been closed by 31 March 2025. This marks a notable improvement from the previous financial year's 67% closure rate. The upward trend reflects a strengthening of the control environment, driven by a sustained focus on accountability, disciplined execution and continuous improvement. Audit action plans are monitored monthly, with progress reported to the relevant governance structures to ensure corrective actions remain on track and deliver lasting results.

Combined Assurance Task Team

Group Finance GRC is part of the Combined Assurance Task Team (CATT) which provides the structure and processes for effective combined assurance and coordinating comprehensive and reliable risk management and compliance efforts.

Our combined assurance approach integrates various internal assurance providers to create a holistic and consolidated view of Transnet's risk, internal control, and assurance landscape. The CATT supports the combined assurance function by centralising the collection, analysis and reporting of information, optimising the audit process while reducing assurance costs and providing a common, comprehensive view of the Company's assurance of risks and issues. The team also improves confidence in overall assurance coverage to Management, the Audit Committee, and the Board.

Stakeholder engagements and management

Strong collaboration is central to effectively implementing and overseeing the Company's internal controls. The Group Finance GRC function worked with Operating Divisions' ICCs to foster accountability at the operational level. In addition, productive partnerships were maintained with key Group functions, including Risk, Internal Audit, Compliance and Regulation, and other assurance providers. These relationships contributed to improved alignment, information sharing, and a more integrated approach to governance.

The Group and Operating Divisions' Internal Control Steering Committees were critical platforms for strategic oversight and decision-making, with regular meetings to address emerging risks, monitor remediation progress, and drive continuous improvement. These collective efforts enhanced the maturity and responsiveness of Transnet's internal control.

PFMA COMPLIANCE

Sections 51 and 55 of the PFMA require Transnet to identify, prevent, and report non-compliant expenditure, losses through criminal conduct, and revenue collection. Irregular expenditure includes any spending that violates legislation, regardless of intent or benefit received. This differs from fruitless and wasteful expenditure (avoidable expenses made without reasonable care for no benefit).

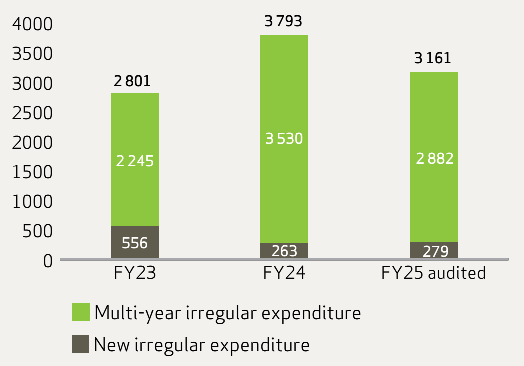
Potential PFMA violations relate to potential identified incidents of non-compliance, which are under assessment and have not been confirmed to be an actual PFMA violation.

In 2022, National Treasury exempted Transnet from the specified PFMA provisions and the National Treasury Instruction No 2 of 2019/2020. The exemption allowed Transnet to focus on improving internal control for accurate and complete reporting of irregular, fruitless, and wasteful expenditures. This exemption expired on 31 March 2024. The 2024/25FY is the first year post-exemption in which Transnet is disclosing the PFMA note in the AFS and be audited by the AGSA for purposes of forming an audit opinion.

During the exemption period, Transnet improved its internal control environment. This included a PFMA remedial plan to address the root causes of irregular expenditure, supply chain management (SCM) transformation, and digitalisation. A PFMA Framework and Directive were developed to ensure adherence to the PFMA and National Treasury regulations.

Implementing the remedial plan significantly improved the internal control processes and the supply chain control environment. There is a 16,70% reduction of irregular expenditure from the prior year to the current year.

REPORTED IRREGULAR EXPENDITURE



GOVERNANCE AND COMPLIANCE continued

PFMA reportable items for 2025

1. Irregular expenditure

(a) Details of current and previous year irregular expenditure

Details	2025 R million	2024 R million
Opening balance	97 322	93 529
Add: Irregular expenditure confirmed*	3 161	3 793
Less: Irregular expenditure condoned	(140)	–
Less: Irregular expenditure not condoned and removed**	(86 308)	–
Less: Irregular expenditure recoverable	–	–
Less: Irregular expenditure not recovered and written off	–	–
Closing balance	14 035	97 322
Irregular expenditure under assessment***	1 659	2 503
Total irregular expenditure confirmed and under assessment	4 820	6 296

* *The above note is a summary of the irregular expenditure incurred during the reporting period. Of the R3,16 billion disclosed above, R279,4 million (FY2024: R262,5 million) relates to new irregular contracts identified and confirmed in the current financial year, the remaining balance of R2,88 billion (FY2024: R3,53 billion) relates to multi-year contracts that were already confirmed in prior years. There is a noticeable decrease in overall irregular expenditure of 16,70% in the current year in comparison to the prior year.*

An amount of R586,1 million in irregular expenditure for the current year (FY2024: R797,4 million) relates to an outcome-based security procurement event. The Auditor-General of South Africa (AGSA) has raised a finding that the procurement was in contravention of section 51(1)(a)(iii) of the PFMA and the Preferential Procurement Regulations. Transnet is in the process of lodging a dispute with the National Treasury regarding this finding.

** *This amount was removed from the irregular expenditure register following approval by the Board, in line with the PFMA Compliance and Reporting Framework issued by National Treasury. The Framework empowers the Board to exercise discretion in removing historical irregular expenditure. The Board approved the removal after satisfying itself that all relevant prescribed conditions for removal have been met.*

*** *The irregular expenditure under assessment includes matters that are under investigation as well as those that are being disputed.*

Reconciling note to the annual financial statement disclosure

Details	2025 R million	2024 R million
Irregular expenditure comparative as previously reported	–	1 763
Irregular expenditure that was under assessment in 2024	–	646
Irregular expenditure that relates to 2024 and identified in 2025*	–	1 384
Irregular expenditure for the current year	3 161	–
Total	3 161	3 793

* *During the year ended March 2025, amount of R1,4 billion was identified as irregular expenditure incurred in 2023/24FY but was identified in the 2024/25FY by SCM governance reviews.*

(b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Details	2025 R million	2024 R million
Irregular expenditure under assessment	1 659	2 503
Irregular expenditure under determination	621	398
Irregular expenditure under investigation	153	–
Total	2 433	2 887

(c) Details of current and previous year irregular expenditure condoned

Details	2025 R million	2024 R million
Irregular expenditure condoned: Non-compliance with National Treasury requirements	140	–
Total irregular expenditure condoned	140	–

(d) Details of current and previous year irregular expenditure removed (not condoned)

Details	2025 R million	2024 R million
Irregular expenditure *not* condoned and removed	86 308	–

(e) Details of current and previous year irregular expenditure recovered

Details	2025 ZAR	2024 ZAR
Irregular expenditure recovered	–	–

(f) Details of current and previous year irregular expenditure written off (irrecoverable)

Details	2025 ZAR	2024 ZAR
Irregular expenditure written off	–	–

(g) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Details	2025 R million	2024 R million
Counselling	279	1
Training	–	57
Verbal warnings	12	30
Written warnings	–	58
Dismissal	5	16
Exited employees (N1)	150	271
Total	466	433

N1: *Employees are no longer in the employment of Transnet and as such, consequence management proceedings could not be finalised.*

(h) Additional disclosure relating to the inter-institutional arrangements

Transnet did not have any non-compliance cases relating to inter-institutional arrangements.

2. Fruitless and wasteful expenditure (FWE)

(a) Details of current and previous year fruitless and wasteful expenditure (confirmed, under assessment, determination and investigation)

Details	2025 R million	2024 R million
Opening balance	767	758
FWE confirmed	42	9
Less: FWE expenditure recovered	(14)	–
Less: FWE expenditure not recovered and written off*	(728)	–
Closing balance	67	769
FWE under assessment	424	298
Total FWE confirmed and under assessment	466	307

* *This amount was removed from the fruitless and wasteful register following approval by the Board, in line with the PFMA Compliance and Reporting Framework issued by National Treasury. The Framework empowers the Board to exercise discretion in removing historical irregular expenditure.*

The Board approved the removal after satisfying itself that all relevant prescribed conditions for removal have been met.

Reconciling note to the annual financial statement disclosure

Details	2025 R million	2024 R million
FWE comparative as previously reported	–	15
FWE duly adjusted*	–	(6)
FWE that relates to 2024 and identified in 2025	–	–
FWE for the current year	42	–
Total	42	9

* *During the year ended March 2025, an amount of R5.7 million was adjusted to align with the applicable compliance and reporting framework.*

(b) Details of current and previous year FWE (under determination and investigation)

Details	2025 R million	2024 R million
FWE under assessment	424	298
FWE under determination	30	4
FWE under investigation	29	–
Total	483	302

(c) Details of current and previous year FWE recovered

Details	2025 R million	2024 R million
FWE recovered (N1)	14	–
Total FWE recovered	14	–

N1: *The majority of fruitless and wasteful expenditure incurred in the current year is due to one isolated incident of interest incurred on late payments on municipality billing. Transnet is in discussions with the municipality and has received remittance on a portion of the interest owing.*

(d) Details of current and previous year FWE written off (not recovered)

Details	2025 R million	2024 R million
FWE written off	728	–

(e) Details of current and previous year disciplinary or criminal steps taken as a result of losses and fruitless and wasteful expenditure

Details	2025 R million	2024 R million
Training	–	1
Total	–	1

3. Details of material losses through criminal conduct*

(a) Details of current year and previous year losses through criminal conduct

Details	2025 R million	2024 R million
Material losses through criminal conduct	7	1
Recovered	–	–
Total	7	1

Material losses through criminal conduct relates to criminal matters for which Transnet opened a case with the South African Police Service. These include, in the main, theft of fuel.

SUPPLY CHAIN MANAGEMENT (SCM)

Changes to the SCM Policy

The SCM Policy was updated in October 2024 through an addendum. The amendment was necessitated by a departure from the PFMA, which was granted to Transnet by the National Treasury. In terms of section 79 of the PFMA, National Treasury may approve a departure from its regulation, instruction or any condition imposed in the Act. National Treasury has granted Transnet all the critical departures.

This allows Transnet to differentiate between the procurement of goods and services for normal administration and the procurement of goods and services that directly impact revenue-generating commercial contracts. As a result, Transnet can directly procure from OEMs. This will reduce costs and improve asset reliability and availability by minimising operational disruptions resulting from asset breakdowns and unplanned outages.

The policy maintains its core values of value for money, sustainability, efficiency and continuous improvement. The policy also incorporates practical methods of complying with critical legislative requirements, such as the South African Constitution and the JSE Debt Listing Requirements. Although the policy strives to ensure compliance, it is structured to enable efficiency while promoting fairness in all procurement transactions.

The departures necessitated amendments to the SCM Policy, the Preferential Procurement Policy, procurement manuals, DOA, and procurement templates effective October 2024. The Board granted a three-month transition period (October to December 2024) to implement the amendment. In 2025/26FY, Transnet will implement the procurement manual for goods and services directly impacting revenue generation.

During the three-month transition, intensive training was provided to all SCM employees and end users across Operating Divisions. Monitoring the implementation is being conducted, and necessary amendments are being made.

Key initiatives by Group SCM

The following initiatives were implemented in 2024/25FY:

- Providing ongoing support on implementing the manual for procurement of goods and services with a direct impact on revenue generation;
- A committee comprising representatives from the offices of the Group Chief Procurement Officer, Group Chief Financial Officer, Group Chief Operating Officer and Group Chief Executive Officer was established to fast-track submissions to National Treasury;
- Conducting quarterly contract file reviews and assessment of procurement by other means;
- The Bid Specification Committee approved a panel to investigate SCM complaints. Currently, the complaints office conducts the preliminary investigations and refers matters to forensic for further investigations where applicable;
- Commencing the review of the SCM governance structure at the Group and Operating Divisions level to align it with the new procurement model; and
- The SCM audit risk registers were reported in the Audit and Risk Committees for oversight and monitoring.

SCM continuous improvement key initiatives

The following initiatives were implemented in 2024/25FY:

- Automating the monthly performance process to create reliable dashboards for tracking the performance of strategic KPIs;
- Developing a scorecard to monitor turnaround times for high-value, high-risk (HVHR)/strategic tenders, focusing on key milestones and improvement targets;
- Implementing high-impact initiatives to improve HVHR transaction turnaround times, and reduce contract extensions and non-awards; and
- Re-engineering the procurement process to enhance efficiencies and eliminate non-value-adding steps.

Procurement digitalisation

In 2022, SCM introduced an e-tender submission portal, the first phase of its procurement digitalisation roadmap, while the rest of the processes remained largely manual. In September 2024, a service provider was appointed to complete the roadmap over 18 months. The project aims to reduce manual processes and enhance auditability, efficiency, time and cost savings.

Transnet's digitisation drive focuses on automating the entire procurement process to enable efficiencies and enhance PFMA controls. This includes upgrading outdated systems and procuring adequate PFMA reporting tools. Procurement Process Automation (PPA), which automates all procurement process steps. The PPA system will streamline procurement processes, including governance, controls, and decision-making timelines.

Business Unusual Process

In December 2023, SCM introduced a Business Unusual Process (BUP) plan to support Transnet's Recovery Plan. This plan involved temporary measures to relax certain rules and closely monitor procurement activities, creating a conducive environment for Transnet to tackle its challenges. The BUP has enhanced efficiencies and achieved the strategic goals of the recovery and turnaround within existing procurement governance policies. To address critical rail and port requirements at risk of immediate failure, a transparent business process was established.

The SCM strategy emphasises the swift procurement of essential goods and services to support turnaround efforts. These transactions are monitored bi-weekly through a war room to ensure the attainment of BUP objectives. By year-end, the BUP oversaw 227 priority transactions at various stages, with 108 concluded. There were instances where delays impacted the progress of the war room, leaving 119 transactions yet to be finalised.

RESPONSIBLE SUPPLY CHAIN PRACTICES AND ETHICAL PROCUREMENT

Transnet is strengthening its processes to manage its supply chain risks and opportunities. This will support financial sustainability and the Group's value creation and preservation.

Transnet's ESG due diligence programme has been running for several years; however, it mainly covers a limited scope of ESG material topics. This included due diligence for the environmental and social aspects through the safety, health, environment and quality (SHEQ) file review. This was mainly applied to the operational and capital projects. We also maintained a SCM due diligence assessment (probity checks) for most projects. This covers taxation, fraud and corruption, reputational exposure and civil judgements. Existing ESG assessments currently exclude critical issues, including human rights, transformation, climate risks and cybersecurity issues.

Aligned with its SCM policy commitments, Transnet has identified critical measures to enhance its ESG due diligence practices. Our three-year (2024/25FY to 2026/27FY) ESG SCM integration plan includes:

- Implementing a comprehensive supplier screening programme;
- Strengthening the supplier assessment instrument; and
- ESG training for suppliers.

Performance in 2024/25FY

Transnet introduced an ESG due diligence questionnaire for all suppliers to complete.

Transnet ESG SCM Policy Commitment

Transnet SCM activities support the Group's sustainability imperatives, including emissions reduction, community development, circular supply chains and environmental sustainability. This will be accomplished through specific strategies and the execution of contract and supplier management practices.

Transnet's General Goods and Services Procurement Manual requires SCM administrators to consider the environmental, social and economic impact of sourcing activities throughout their procurement processes.

Transnet enforces its Supplier Code of Conduct, which emphasises:

- Zero tolerance to unethical or corrupt partnerships;
- Suppliers must comply with all applicable laws and regulations regarding fair competition and antitrust practices; and
- Zero tolerance to acts of harassment, intimidation or other aggressive actions towards Transnet employees.

LOOKING AHEAD

Transnet will integrate due diligence training into its ESD programme. The ESG due diligence questionnaire will be evaluated each quarter to address suppliers' supply chain risk profiles.

ESG PERFORMANCE

As the custodian of South Africa's freight logistics infrastructure, Transnet recognises its responsibility to integrate sustainable practices throughout its operations. Its role extends beyond moving goods efficiently and involves innovating in cleaner, more resilient transport systems, creating shared value for employees, customers, communities, and the broader economy.

The logistics and transport sector faces intensifying pressure to reduce carbon emissions, enhance climate resilience, and adapt to shifting global supply chains. Emerging digital technologies, geopolitical uncertainties, and evolving regulatory frameworks add complexity but also open avenues for strategic partnerships, green financing and data-driven efficiency gains. In this context, Transnet continues to explore decarbonisation pathways, safety innovations, and collaborative models to ensure we remain both commercially viable and environmentally responsible.

Transnet's ESG Strategy aligns with South Africa's NDP by modernising infrastructure, promoting inclusive procurement practices and investing in skills development. We support Government priorities around economic growth, social equity and regional integration. Our focus on greener operations, through energy efficiency, renewable sourcing and low-carbon transport solutions, underscores our commitment to national climate goals and the just transition.

ESG vision	ESG mission	Overarching goal
Lead the transformation of ports, rail and pipelines with pioneering ESG practices, driving South Africa's economic growth, reducing business costs and innovating efficient supply chain solutions.	Champion a robust ESG framework tailored to our core operations, ensuring we connect economies and communities across Africa with excellence, inclusivity, ethical business practices and transparent governance at every touchpoint of our value chain.	Conduct a thorough evaluation of ESG factors intrinsic to Transnet's value creation and preservation. Design and implement a holistic programme that exceeds our stakeholders' ESG expectations, reinforcing our commitment to sustainable growth and operational excellence.

More details about ESG governance and the directors' ESG skills can be found in the Unabridged Governance Report.

ESG GOVERNANCE

Transnet's governance structure ensures strategic alignment, diligent oversight, and the integration of sustainability and ESG initiatives across the organisation. The structure comprises the Board, Board Committees, Executive Management and the Sustainability Forum.

The Board	Board Committees	Management oversight
Responsible for steering Transnet's sustainability vision and integrating it into the corporate strategy.	The Board delegates ESG-related authority to Board Committees through the DOA Framework and Committee Charters.	Management Committees ensure that organisational activities support Transnet's vision, purpose, and aims, including ESG matters.

ESG DATA

Transnet's ESG disclosures encompass our operations across all six Operating Divisions and relevant corporate functions within Transnet Corporate Centre. ESG data reflects the full operational footprint of Transnet, with no exclusions. This means integrating the activities of regional offices, major terminals, rail corridors, pipeline networks and corporate initiatives into a consolidated ESG perspective.

REPORTING FRAMEWORKS AND STANDARDS

Transnet aligns with leading global standards and frameworks to meet and exceed market expectations. We draw on the International Sustainability Standards Board's (ISSB) S1 and S2 guidelines for sustainability and climate-specific disclosures, alongside the Task Force on Climate-related Financial Disclosures (TCFD). Our approach is informed by the S&P Corporate Sustainability Assessment (S&P CSA) for benchmarking and by King IV for best-practice governance principles. Through this alignment, we aim to provide transparent, consistent, and decision-useful information for stakeholders evaluating our ESG performance.

PERFORMANCE AND METRICS

The SDGs support Transnet to create and measure its sustainable value to the economy, environment and society. Our Sustainable Development Outcomes Framework (SDO) encapsulates Transnet's development-oriented commercial mandate and the value it unlocks for South Africa's commodity sectors and the country.

KEY ESG STRATEGY OBJECTIVES AND ACHIEVEMENTS

1 CLIMATE RESPONSE

Reduce Transnet's carbon footprint and address climate change through mitigation and adaptation strategies.

Contribution to SDGs

Achievements

- Climate risk and vulnerability assessment framework established;
- Enhanced Scope 3 accounting by two new categories; and
- Environmental non-compliance notices reduced by over 50%.

Key objectives

- 50% decarbonisation by 2030;
- Net Zero by 2040;
- Complete climate risk assessment;
- Secure full financing for decarbonisation and adaptation by 2040;
- Digitise 100% of ESG data by 2028; and
- Further reduction of environmental contraventions and incidents by 2026

Aspirations

- Expand renewable energy projects;
- Implement the Climate Change Strategy and Just Transition Plan;
- Achieve significant emission reductions through energy management; and
- Improve performance via Energy Performance Certificates.

2 STAKEHOLDER ENGAGEMENT

Secure social license to operate by enhancing stakeholder engagement and addressing grievances.

Contribution to SDGs

Achievements

- Stakeholder Engagement Policy and Procedure implemented;
- Regional forums and bargaining initiatives established; and
- Community engagement on encroachment and safety awareness.

Key objectives

- Strengthen engagement processes;
- Expedite issue resolution;
- Boost employee morale and performance; and
- Standardise engagement policies and build shop steward capacity.

Aspirations

- Digitise and centralise stakeholder engagement;
- Conduct regular performance reviews with operational teams; and
- Continuously adapt engagement procedures for relevance.

ESG PERFORMANCE continued

3 SUSTAINABLE PROCUREMENT

Ensure procurement is sustainable, ethical, and free from malpractices.

Contribution to SDGs

8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Achievements

- ESG topics integrated into procurement assessment;
- Preferential Procurement Policy promoting B-BBEE and localisation;
- ESD and Supply Chain Management Policies implemented; and
- Strengthened internal controls and visible procurement improvements.

Key objectives

- Embed ESG due diligence in procurement;
- Eliminate fraud and corruption in procurement;
- Implement Procurement Risk Management and Performance Systems; and
- Conduct regular audits and enforce compliance.

Aspirations

- Fully embed ESG due diligence in all procurement;
- Achieve a corruption-free procurement environment; and
- Operationalise comprehensive procurement frameworks.

4 ETHICS, TRANSPARENCY AND COMPLIANCE

Ensure ethical operations, transparency, and compliance with legislation.

Contribution to SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS

Achievements

- Anti-corruption policies and data ethics systems in place;
- Fraud and Corruption Prevention Plan reduced investigations;
- Lifestyle audits on 5 300 employees; and
- No major cybersecurity incidents since 2022/23FY.

Key objectives

- Immediate action on unethical conduct;
- Civil recovery actions and vetting model implementation;
- Zero breaches in data privacy and cybersecurity; and
- Complete ESG data digitisation by 2027/28FY.

Aspirations

- Strengthen anti-corruption and information management systems;
- Ensure timely closure of all regulatory action plans; and
- Enhance cybersecurity and vetting systems.

5 SAFETY AND SECURITY

Achieve zero harm, enhance safety, and ensure secure operations.

Contribution to SDGs

3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES

Achievements

- 10 Point Safety Plan implementation underway;
- OBS security programme reduced incidents; and
- Dust management SOPs implemented at ports and terminals.

Key objectives

- Reduce Lost Time Injuries (LTI);
- Promote employee wellness by 2030/31FY;
- Reduce theft and vandalism annually; and
- Implement good housekeeping.

Aspirations

- Expand security intelligence and OBS deployment;
- Conduct risk assessments for encroachment; and
- Fully implement safety and housekeeping programmes.

ESG MATERIALITY

An ESG materiality process allows Transnet to prioritise what ESG issues must be managed to ensure the organisation's success.

ESG MATERIALITY PROCESS

Transnet has an annual comprehensive ESG materiality and prioritisation process for identifying, assessing, prioritising and monitoring material ESG issues (risks, impacts and opportunities). At least once every two years, the Internal Audit team verifies the materiality assessment process. The audit primarily highlighted the need to establish a formal ESG data collation and reporting procedure. In response, Transnet has already developed and implemented this procedure in line with the audit's recommendations.

Most ESG issues are identified through the TCC and Operating Divisions' ERM processes. Other ESG issues come from other sources. Internal and external stakeholders provide feedback on the material issues. All ESG issues are transferred to the ESG materiality assessment register for evaluation and prioritisation.

This prioritisation process considers the nature, likelihood, importance to stakeholders and magnitude of ESG risks and impacts. This process uses the double materiality principle, which considers internal impact on the business and the external impact on society and the environment.

The ESG materiality assessment and prioritisation results are presented and approved by the RemSEC.

The approved list of ESG issues inform the ESG Strategy and the disclosures included in annual reporting.

ESG Data Sources

- Contextual issues are considered for inherent and secondary ESG issues
- Internal and external ESG related rating reports, audits and review reports and recommendations from governance and oversight structures and monitoring reports
- ESG issues raised by Transnet's stakeholders including investors, regulators, shareholders, employees, communities
- International and local sustainability frameworks and standards including the GRI, IFRS S1 and S2, SASB, ESRS, Dow Jones, JSE Sustainability Disclosure Guidance and the UN Sustainable Development Goals (SDGs)
- ESG issues (impacts, Risks are identified from Transnet's ERM records
- Benchmarking with the peers and other industries on emerging ESG issues

ESG PERFORMANCE continued

ESG MATERIALITY PRIORITISATION

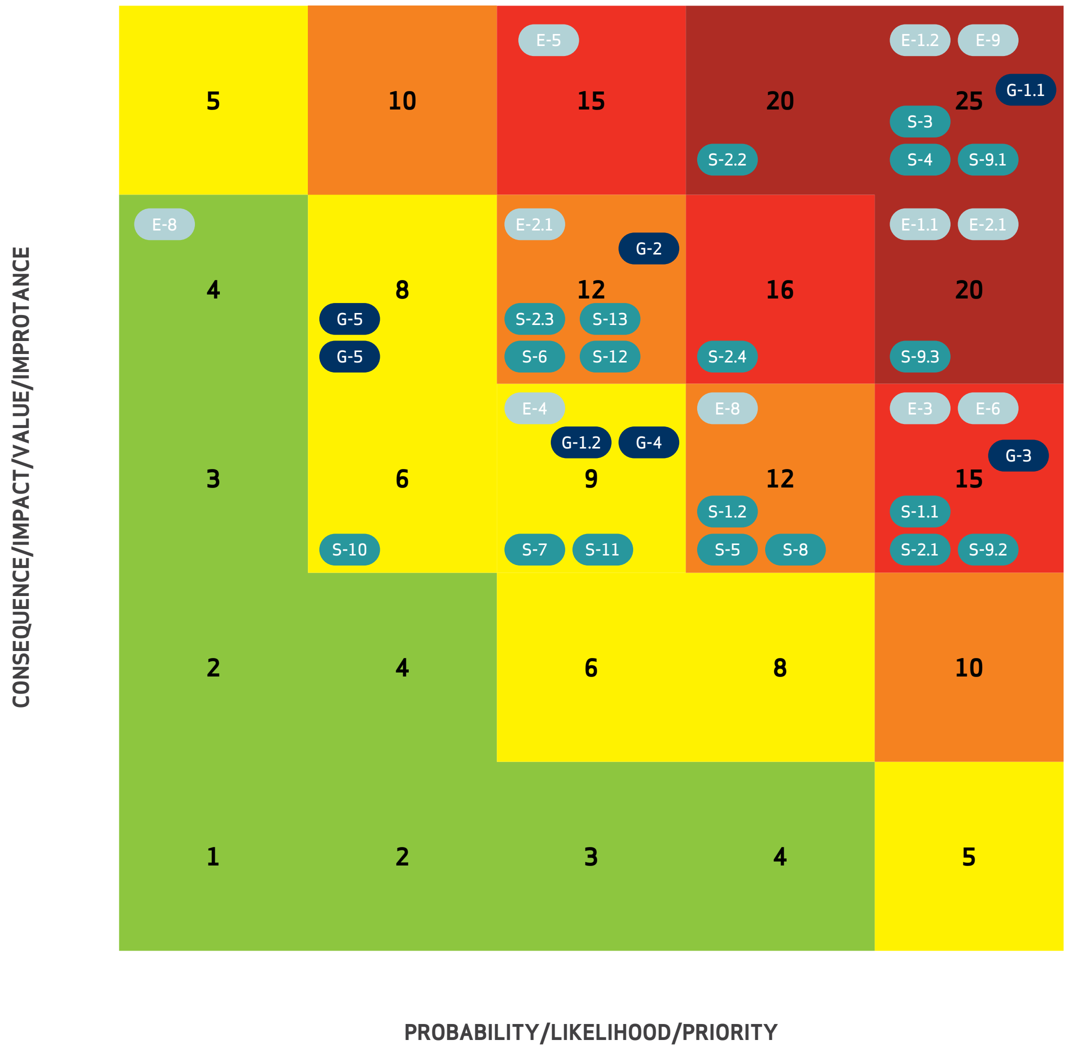
Upon completing the materiality assessment activity, all assessed ESG risks, impacts and opportunities are allocated a priority score ranging from low to extremely high. Material issues that score extremely high and high automatically form part of the ESG Integrated Report disclosures.

The process for identification, assessment, prioritisation, and monitoring of sustainability-related risks equally applies to impact materiality-related topics. Opportunities are assessed through the ESG materiality process using the value and likelihood as the key determinants of priority.

Priority rank	Score	ESG focus area ranking	Disclosure recommendation
Extremely high (Significant)	15–25	Key focus area	Compulsory inclusion of the material topic in the ESG section of the Integrated Report.
High (Significant)	10-14	Important focus area	Compulsory inclusion of the material topic in the ESG section of the Integrated Report.
Medium	5-9	Moderate focus area	Selected material topics may be included in the ESG section of the Integrated Report based on stakeholders' expectations.
Low	0-4	Low focus area	May only be included in the ESG section of the Integrated Report upon special request by a stakeholder.

Material topic	Priority level	ESG pillar
Climate response: GHG emissions (E-1.1)	Extremely high	Environmental
Employees and public safety (S-3)	Extremely high	Social
Business ethics: Fraud and corruption (G-1.1)	Extremely high	Governance
Climate response: Adaptation (E-1.2)	High	Environmental
Energy Mix: Decarbonisation (E-2.1)	High	Environmental
Occupational health and wellness (S-4)	High	Social
Stakeholder expectations and grievances: Employees (S-2.1)	High	Social
Compliance – environmental (G-3)	High	Governance
Data ethics – cybersecurity (G-2)	High	Governance
Water management (E-6)	Medium	Environmental
Waste management (E-4)	Medium	Environmental
Biodiversity and land use management (E-5)	Medium	Environmental
Community investment and social responsibility (S-2.0)	Medium	Social
Diversity, equity and inclusion (S-5)	Medium	Social
Skills development (S-6)	Medium	Social
Employee retention (S-8)	Medium	Social
Sustainable procurement (S-1.1)	Medium	Social
Executive ESG KPIs (G-5)	Medium	Governance
Contaminated sites and remediation (E-9)	Low	Environmental
SCM: Materials of concern (E-8)	Low	Environmental
Just transition: social (S-10)	Low	Social
People analytics (S-12)	Low	Social
Sustainable AI (S-7)	Low	Social
R&D (S-11)	Low	Social
Taxation (G-6)	Low	Governance
Board representation (G-4)	Low	Governance

ESG MATERIALITY MAP



NEW ESG MATERIAL TOPICS IDENTIFIED IN 2024/25FY

Environment	Social	Governance
E-8. Supply chain management: Materials of concern (Low)	**S-9.3.** Encroachment (Pipelines) (Extremely high) **S-2.4.** SEG: Customer responsibility (Extremely high) **S-2.1.** SEG: Employee relations - Employee grievances and human rights (Extremely high) **S-12.** People analytics (High) **S-12.** Sustainable AI (High) **S-11.** Employee privacy protection (Medium)	**G-1.2.** Business ethics: Competitive Behavior (Medium) **G-4.** Executives' ESG KPIs (Medium) **G-5.** Board representation (Medium) **G-6.** Tax transparency (Medium)

ENVIRONMENTAL **PERFORMANCE**

Sustainable Development Outcome (SDO)	SDGs	Our ESG Strategic Pillar
Environmental stewardship: Promoting activities that protect, preserve, and enhance the natural environment's capacity to meet the resource needs of the current and future generations.	6 CLEAN WATER AND SANITATION; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 14 LIFE BELOW WATER	Natural Environment Stewardship

ENVIRONMENTAL POLICY, RISK MANAGEMENT AND GOVERNANCE

Transnet operations have a well-established Environmental Management System (EMS) aligned to ISO14001, an international standard for environmental management systems.

The Environmental Policy Commitment Statements are incorporated in Transnet's Integrated Management System (TIMS), ensuring alignment with its broader operational, sustainability, and governance objectives. The policy reflects Transnet's commitment to pollution prevention, compliance with environmental legislation and regulations, and improving its overall environmental performance. The policy is publicly available upon request.

CLIMATE STRATEGY

Transnet began adopting IFRS S1 and S2 in 2024/25FY. This report incorporates the suggestions made through the Internal Audit process for enhancing our disclosures to conform to the criteria as per IFRS S2. Transnet will strengthen its disclosures as part of its climate response journey.

Transnet participates in the CDP disclosure platform for annual reporting on biodiversity, water and climate change. Transnet's alignment with climate science, reporting frameworks and standards is strengthened by CDP disclosure. This has helped us develop strategies, refine decision-making and foster resilience. This financial year, Transnet obtained a B score for both water and climate change categories.

On approval of its Green Freight Strategy, Transnet will become a signatory of the Science-based Targets Initiative (SBTi) for independent verification of its net zero 2040 commitment pledge made in 2020/21FY. GHG emissions targets will be linked to initiatives validated by SBTi processes.

Governance

Environmental and climate-related risks are governed at the Board level by the **Remuneration, Social and Ethics Committee (REMSEC),** which oversees ESG and sustainability strategy. At the executive level, the **GCE, GCLO,** and **GCOO** are responsible for implementation, with climate-related KPIs embedded in their performance contracts. Incentives are tied to performance outcomes.

Transnet is also improving its GHG reporting and compliance through:

- Annual submissions to the South African Greenhouse Gas Reporting System; and
- External disclosures, including a **CDP score of B in 2024.**

Strategy

Transnet's climate strategy evaluates both current and future risks and opportunities across operational and financial planning. Key initiatives include:

- **Green Freight Strategy (GFS),** developed in three phases:
  - Just Transition;
  - Risk and Vulnerability Assessment Framework;
  - Stress Testing Net Zero (2024/25FY); and
- **Climate Change Position Paper** and **Energy Strategy** to guide long-term planning.

The strategy is science-aligned, scenario-based, and designed for resilience and adaptability.

Risk management

Transnet uses an **Enterprise Risk Management (ERM)** approach to assess climate and environmental risks. Key tools and practices include:

- Systems for collecting and managing GHG data;
- Monthly monitoring and reporting aligned with climate disclosure standards; and
- Use of the **Risk and Vulnerability Assessment Framework** to evaluate exposure to physical climate risks and assess adaptive capacity under various climate scenarios.

Metrics and targets

Transnet has stress-tested its Net Zero 2040 target and identified, sequenced and costed additional initiatives to support this goal. Emissions data for 2024/25FY show:

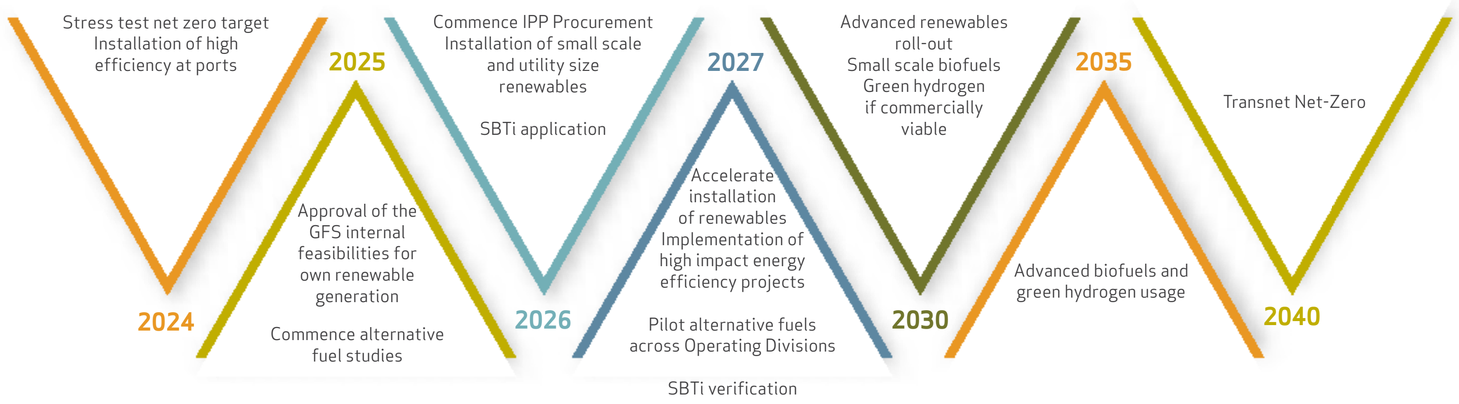
- **Scope 1 emissions:** 15,9% of total emissions
- **Scope 2 emissions:** 67,9%
- **Scope 3 emissions:** 16,2% (with 5 of 15 categories now reported)

Combined Scope 1 and 2 emissions rose to 2,75 MtCO_2e, an 8,55% deviation from targets due to increased output and energy use. Carbon intensity also rose, with a 1,36% deviation from the target. Transnet continues to enhance Scope 3 reporting.

OUR MITIGATION PLAN

Transnet's commitment to net zero emissions by 2040 is supported by detailed modelling of various emission reduction scenarios, incorporating the principles of the Just Transition Framework and outlining the Group's risks and vulnerabilities. The organisation understands the major challenges, constraints and opportunities it faces in adapting its business to meet its net-zero target.

NET ZERO JOURNEY



Scope 1

Alternative fuels

Transnet is a significant fuel user and has seen a rise in fuel consumption from approximately 46% in 2020/21FY to 49,4% of its energy mix in 2024/2025.This increase, coupled with higher freight volumes, has led to elevated emissions. Transnet is exploring low-carbon fuel options to decarbonise its operations.

In 2027/28FY, biofuels will be introduced as a key mitigation measure, initiating the next step toward net-zero emissions. The approach involves a phased transition to biofuels as a substitute for fossil fuels, reducing the carbon intensity of critical operations while ensuring operational stability. This shift is expected to yield substantial emissions reductions.

Although biofuels initially offer less impact than energy efficiency measures, they are crucial for decarbonising South Africa's transport and heavy industry sectors, which heavily depend on conventional fuels. Over time, wider biofuel adoption is projected to significantly lower Transnet's carbon footprint, particularly in freight rail and port activities.

Green hydrogen may emerge as a decarbonisation tool in 2029. While its early contribution to emissions reductions is expected to be minimal, its role will grow significantly after 2034/35FY, rapidly scaling to replace high-carbon energy sources in Transnet's operations.

ENVIRONMENTAL PERFORMANCE continued

Scope 2

Renewables programme

Freight Rail, a significant contributor to Scope 1 (79,74%) and Scope 2 (72,6%) emissions, has initiated Independent Power Producer (IPP) procurement engagements for traction loads. This initiative is progressing, with plans to approach the market once internal processes are finalised.

TNPA is spearheading emission reduction efforts through its renewable energy programme. In 2024/25FY, a contractor was appointed for a 20MW renewable project at the Port of Richards Bay, with construction to begin in 2025/26FY. TNPA also engaged markets for 10MW of renewable capacity, split between the ports of Ngqura (7MW) and East London (3MW). A broader plan targets 100MW to decarbonise commercial ports. TNPA operates a 100kWp photovoltaic (PV) facility at the Port of Cape Town.

TPL advanced its renewable energy efforts in 2024/25, constructing 129kWp and 250kWp PV plants at Ladysmith and Alrode pump stations, respectively. TPL operates a 112kWp PV facility at Pinetown and is developing approximately 4MWp for self-generation at various stages. Additionally, TPL plans are underway to engage markets for approximately 30MW to meet its energy needs.

TPT, TP and TE have identified potential for on-site renewable energy generation at multiple locations. In 2025/26, these initiatives will progress to feasibility studies. Remaining energy needs will be met through IPP power purchase agreements (PPAs).

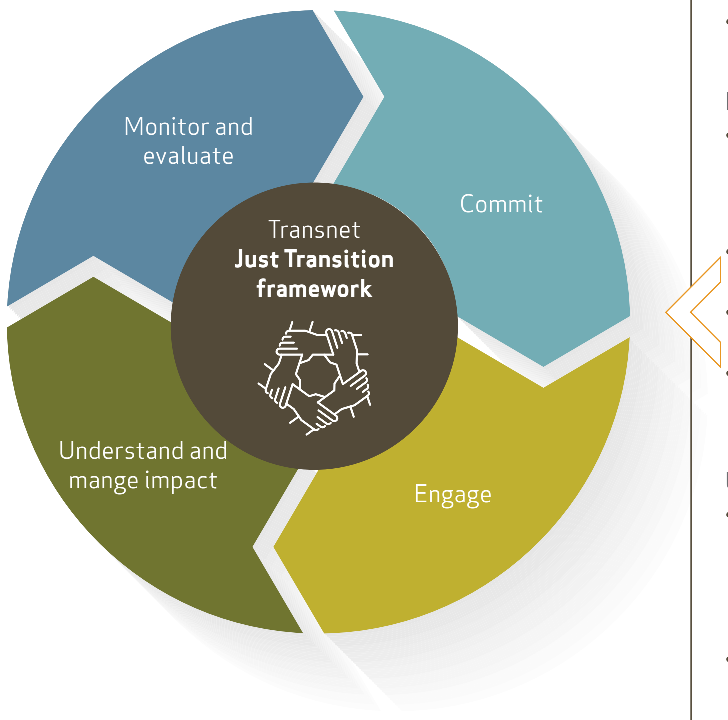
Scope 3

Transnet began reporting Scope 3 emissions in 2022/23, initially two out of 15 categories. This has been expanded to five out of the 15 categories. To enhance Scope 3 reporting, Transnet is pursuing supplier engagement through ESG due diligence and potential participation in the CDP Supply Chain programme.

JUST TRANSITION

The Just Transition Framework has been updated to align with Transnet's net zero pathway. It outlines key actions to be incorporated into its roadmap to meet stakeholders' expectations, particularly those of investors, for robust Just Transition plans. The framework's four dimensions are consistent with global best-practice frameworks for evaluating corporate Just Transition progress and align with the criteria used in Just Transition financing instruments.

Just Transition progress



Commitment

- Transnet refined its net zero commitment as aligned with the Paris Agreement (science-based) with clear targets over 2040; and
- Disclosures on climate change progressed aligned with best practice, such as CDP, and IFRS S2 and TCFD.

Engagement

- Internal engagement with Operating Divisions responsible for ESG and climate change, providing training on annual IFRS S1 and S2 disclosures, GHG emissions calculations, and energy and carbon awareness and the Climate Change Act of 2024;
- Engaged customers on reducing Scope 3 emissions through road-to-rail modal shifts;
- Collaborated with labour representatives on renewable energy and energy management deployment plans at TPT; and
- Transnet will deepen internal and external stakeholder engagement as part of its Just Transition to a low-carbon future.

Understand and manage impact

- A comprehensive stakeholder impact assessment for the Just Transition will be conducted, with periodic reviews to align with Operating Divisions' net-zero rollout plans, including planned infrastructure shutdowns, decommissioning or retrofitting linked to net-zero goals; and
- Feedback from Just Transition engagements will be incorporated into planning, with grievance and escalation mechanisms established to proactively address stakeholder concerns.

Monitor and evaluate

- Transnet conducts quarterly monitoring through internal sustainability and energy forums, with reporting shared internally and submitted to various external disclosure platforms.

PHYSICAL CLIMATE RISK ADAPTATION

Heavy reliance on uninterrupted rail and port operations makes Transnet sensitive to weather-related delays, which may impact revenue and customer trust.

Transnet's operations, particularly freight rail, ports, and pipelines, face significant threats from acute physical climate risks. These hazards disrupt operations, reduce production capacity, and extend lead times for cargo and shipments. Transnet has identified the following exposures and implications of climate-related physical risks in its risk and vulnerability assessment framework.

Infrastructure exposure: Aging rail tracks, port facilities, and pipelines are sensitive to extreme weather, with limited resilience to floods, heat or wind.

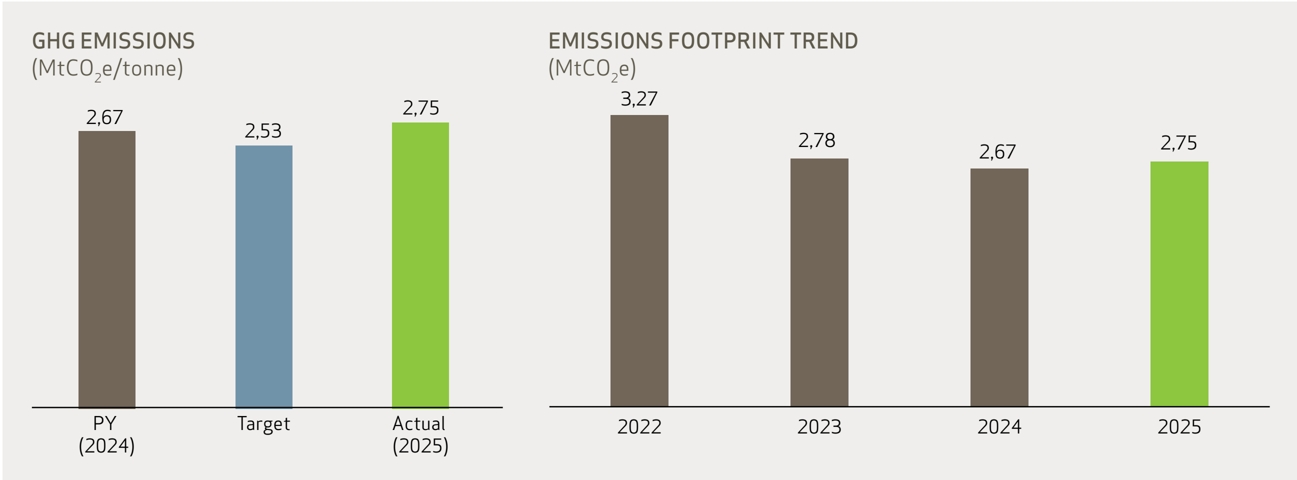
Geographic exposure: Coastal assets are exposed to floods and sea-level rise, while inland regions face heat and drought risks.

Floods and heavy precipitation	High-intensity rainfall and flooding disrupt port operations, causing cargo handling delays and infrastructure damage. Coastal rail networks are particularly vulnerable, with flooding leading to track damage, service suspensions, and prolonged delivery times.
Windstorms	High wind speeds halt crane operations and vessel docking, reducing throughput at Transnet's ports.
Extreme temperatures	Inland regions face extreme heat events, causing rail track buckling and reduced operational efficiency. Heat stress also affects equipment and worker productivity.
Water shortages	Water scarcity, driven by droughts, impacts port maintenance and inland operations reliant on water for cooling or cleaning.

To address immediate and future physical climate risks, Transnet will further implement its risk and vulnerability assessment framework for Operating Divisions' assets to evaluate exposure and adaptive capacity. It will be essential to integrate adaptation measures into its strategies, frameworks, and standard operating procedures.

CARBON FOOTPRINT

Transnet's carbon footprint, comprising Scope 1 and Scope 2 emissions, was recorded at 2,75 MtCO_2e for 2024/25FY (2023/24FY: 2,67 MtCO_2e). This 8,55% deviation from the target was due to increased energy consumption linked to higher volumes moved across the business. Additionally, there was a 4% increase in the grid emission factor, negatively affecting the organisation's emissions footprint. The trend in carbon emissions for Transnet over the last three years has shown a steady decline.



ENVIRONMENTAL PERFORMANCE continued

Carbon emissions per Scope 1, 2 and 3

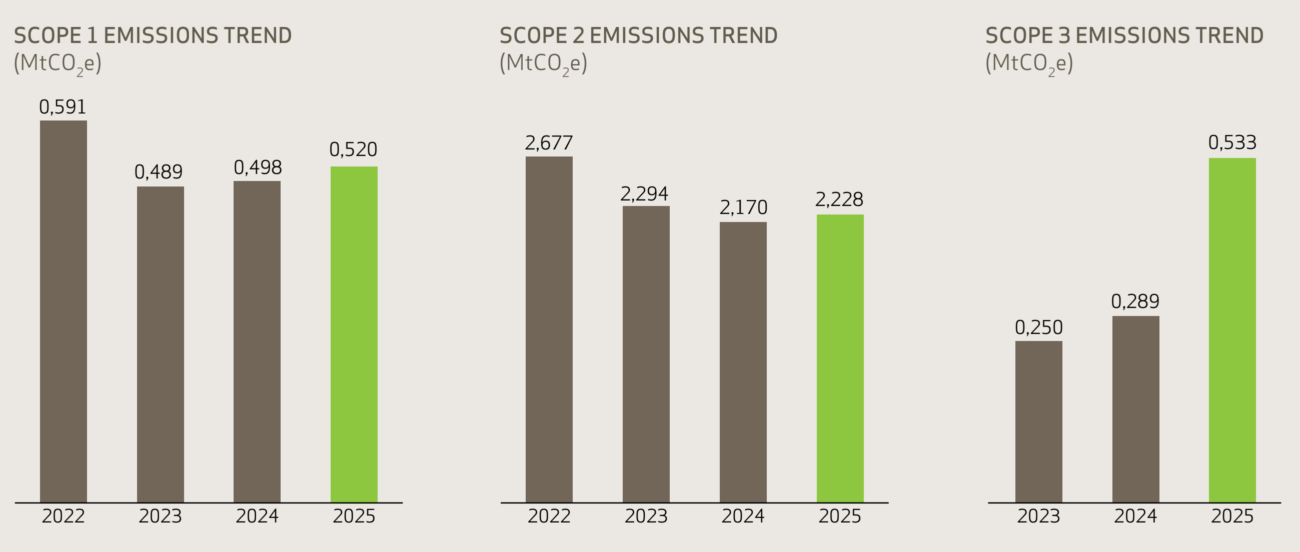
Scope 2 accounts for 67,91% of total emissions emanating from the consumption of electricity sourced from the national grid. This also highlights Transnet's dependency on South Africa's coal-based grid.

Scope 1 emissions account for 15,86% of total emissions, as Transnet relies on fuel for 49,44% of its energy requirements.

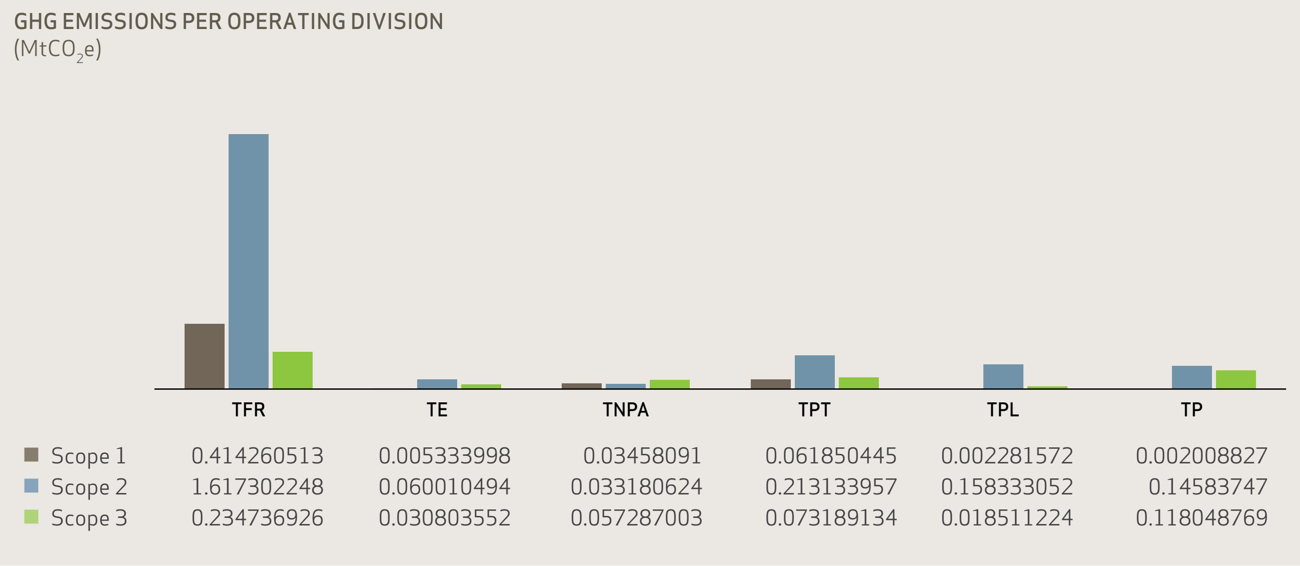
The remaining 16,23% of emissions are attributed to Scope 3. These are value chain emissions, where Transnet has limited control and influence. Transnet aims to improve its Scope 3 reporting continually and currently reports on five out of 15 categories.

Scope 3 emissions categories	Emissions ($MtCO_2e$)
Category 3(c) – Transmission and distribution losses	0,2210
Category 5 – Waste generated in operations*	0,1335
Category 6 – Business travel*	0,0047
Category 7 – Employee commuting*	0,1412
Category 13 – Downstream leased assets	0,0322

* *Categories marked with an asterisk refer to estimates derived through best practices based on available data.*

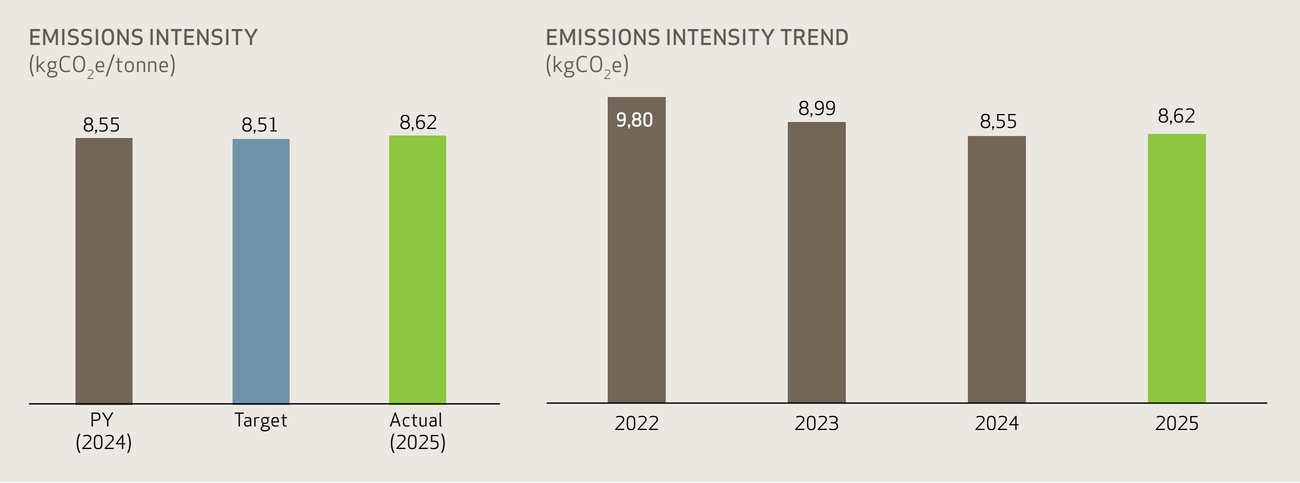


Freight Rail accounts for approximately 69,08% of Transnet's total emissions, followed by TPT accounting for 10,61%



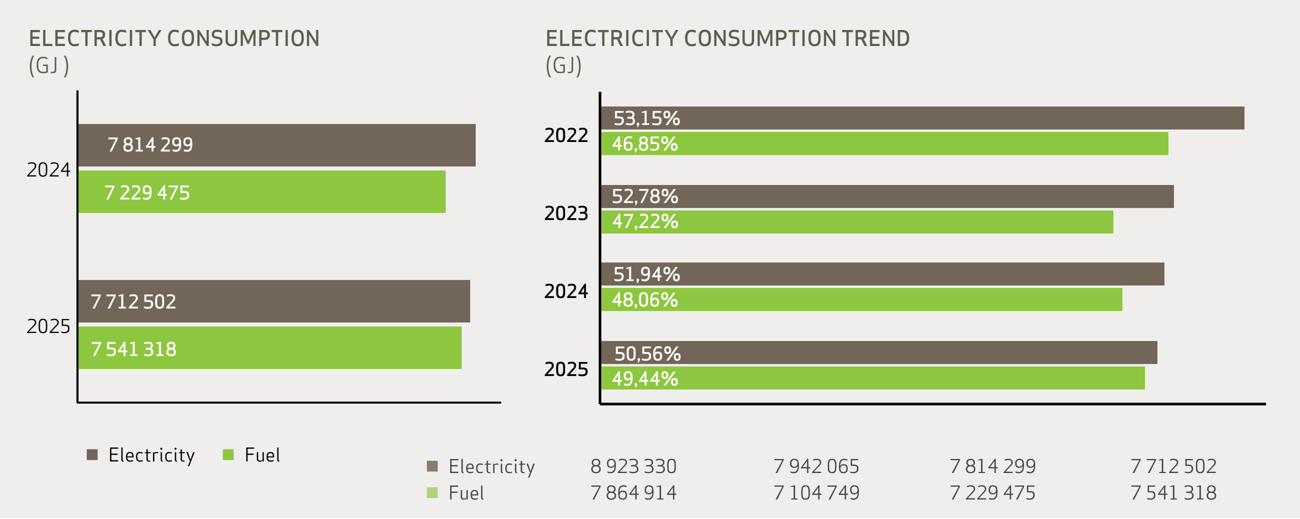
Carbon emissions intensity ($kgCO_2e/tonne$)

Transnet's total carbon emissions intensity was 8,62 $kgCO_2e/tonne$ (2023/24FY: 8,55 $kgCO_2e/tonne$), a 1,36 % deviation against the set target of 8,55 $kgCO_2e/tonne$.



Across a three-year outlook, the emissions intensity has improved, which can be attributed to reduced overall energy consumption, energy split and changes in the grid emission factor over the period.

Energy consumption



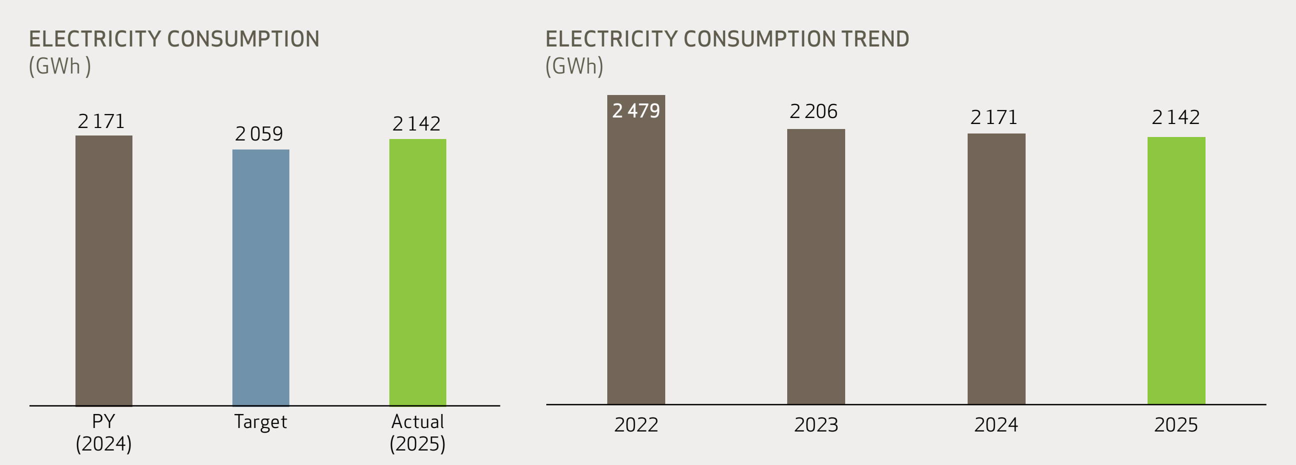
Since 2021/22FY, Transnet's energy usage patterns have shifted, showing a trend towards less reliance on electricity and increased fuel use. This is mainly due to business continuity measures implemented at Freight Rail, which accounts for approximately 70% of Transnet's energy consumption needs.

In 2024/25FY, this trend continued with the electricity vs fuel split at 50,56% vs. 49,44%. This represents a 1,38% year-on-year decline in electricity used and an increase in fuel consumption.

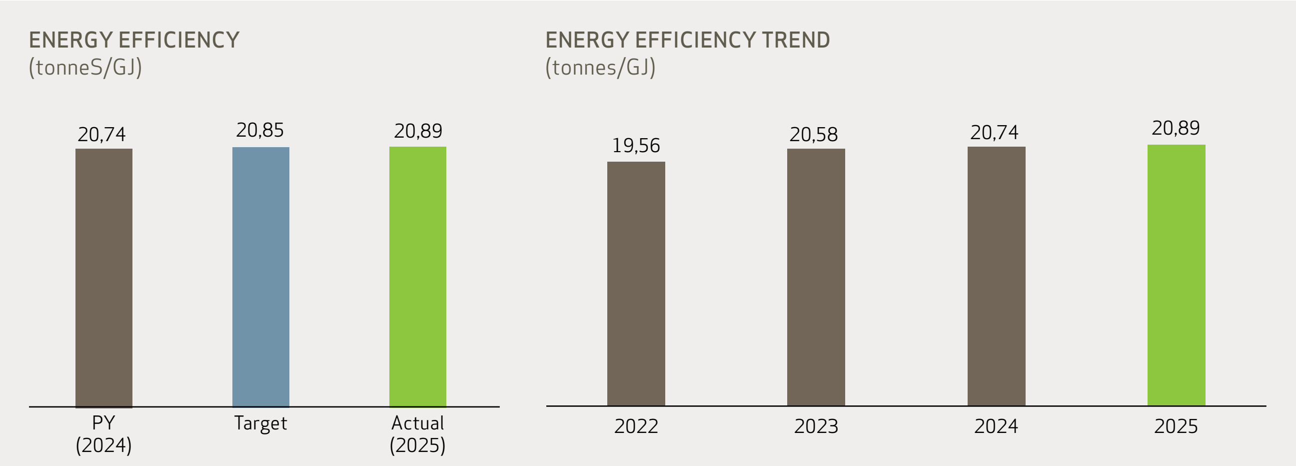
ENVIRONMENTAL PERFORMANCE continued

Electricity consumption (GWh)

Electricity consumed declined 1,30% to 2 142 GWh (2023/24FY: 2 171 GWh). Consumption was 4,03% higher than the implicit target. Of this, 72,6% of electricity consumption was by Freight Rail for traction purposes. TPT was the next largest consumer at 9,6%, followed by TPL operations at 7,1%.



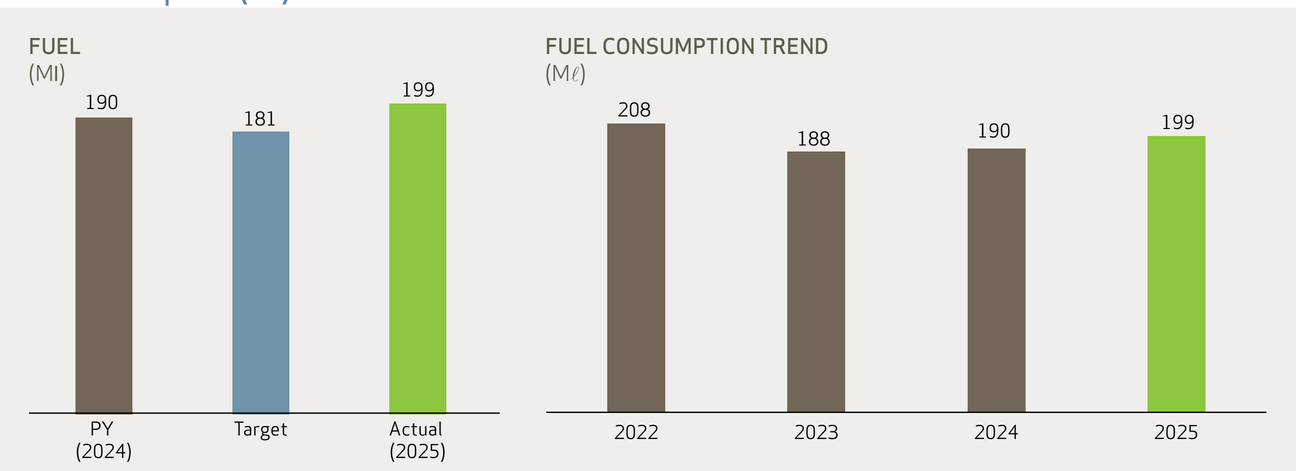
Energy efficiency (tonnes/GJ)



Transnet's total energy efficiency was 20,89 tonnes/GJ for 2024/25FY (2023/24FY: 20,74 tonnes/GJ), a 0,20% improvement on the 20,85 tonnes/GJ target.

Over three years, we achieved notable improvements in energy efficiency, improving from 19,56 tonnes/GJ in 2021/22 to 20,89 tonnes/GJ in 2024/25. This is a 1,33 tonnes/GJ improvement, equivalent to an efficiency gain of 6,80% since 2021/22FY.

Fuel consumption (Ml)



This year, 199 Ml of fuel were consumed (2023/24FY: 190 Ml), a 4,37% year-on-year increase, mainly due to an 8,49% increase in fuel consumption for traction.

Fuel distribution (%)

Of this, 69,2% of the fuel consumed is attributed to Freight Rail's diesel traction activities. The next largest consumption category is fuel for stationary applications (generators), which accounts for 13,8%. Vehicle fleets accounted for 10,2% of the overall consumption, with marine diesel applications and jet fuel sitting at 6,7% and 0,1% respectively.

Road to rail modal shift

In 2024/25FY, Transnet moved an additional 10,9 mt, which saved an estimated 285 122 tCO_2e from being emitted by the road transportation sector, this is equivalent to removing 320 588 truckloads from the national roads.

ENVIRONMENTAL **STEWARDSHIP**

AIR QUALITY MANAGEMENT

Transnet faces significant operational, legal and reputational risks related to air quality management, especially in high-impact areas such as Richards Bay and Saldanha Bay.

Dust emissions associated with bulk material handling have increased community complaints and threaten Transnet's social licence to operate. Non-compliance with Atmospheric Emissions Licence (AEL) conditions may result in the rejection of future expansion applications, stricter regulatory requirements, loss of operational permits, fines, legal penalties or litigation. This may also result in disrupted operations or failure to meet production targets.

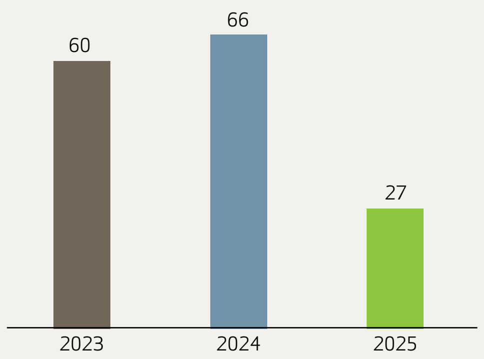
The National Environmental Management: Air Quality Act (No. 39 of 2004) and Transnet's Environmental Sustainability Framework (ESF) set the standards for air quality management.

Performance in 2024/25FY

Transnet is enhancing air quality management programmes at the ports of Richards Bay and Saldanha Bay, targeting a 30% reduction in air quality-related complaints by December 2025, based on 2022 levels. Transnet is implementing internal control measures to maintain environmental compliance and is partnering with research institutions to develop improved emissions control solutions. The Company engaged with environmental authorities on air pollution in hotspot areas.

The Company is implementing AEL initiatives at the Port of Saldanha. Transnet applied for five AELs from various authorities and received four, with one still outstanding.

AIR QUALITY-RELATED COMPLAINTS



TPT received 27 dust-related complaints across its operations at the ports of Durban, Saldanha, and Cape Town. Of these, 22 have been resolved. At the Port of Saldanha, key initiatives outlined in the AEL are being implemented, with most already completed.

At the Port of Richards Bay, an integrated Corrective Action Plan (CAP) is in place and being implemented to address dust emissions, with monthly group-level oversight and targeted site inspections. The Joint Action Plan responding to the Richards Bay compliance directive is being executed by both TNPA and TPT.

LOOKING FORWARD

Transnet aims to strengthen its air quality monitoring and data collation and improve the integrity of its air quality data. The Group will reduce the nitrogen oxides and PM10[1] emissions across all our operations. In 2025/26FY, Transnet will focus on the following:

- Implementing the ESF and related performance standards;
- Developing and implementing dust management strategies for new terminal facilities or operations, including in enclosed areas and below the AEL threshold;
- Commissioning of air quality assessment studies for all ports to establish an inventory of air pollution sources and establish emission standards;
- Establishing a community forum for engagements regarding the dust management challenges, potential risks and mitigation; and
- Developing and maintaining an integrated, automated, real-time air quality information management system.

[1] *PM10 refers to particulate matter with an aerodynamic diameter of 10 micrometres or less, a type of air pollution that can have negative health effects.*

WATER MANAGEMENT

Transnet operates in a water-scarce country and endeavours to conserve this natural resource.

Poor water management, resulting in pollution and water shortages, can lead to non-compliance notices, fines, operational inefficiencies and even the loss of operating licences. Improving water management presents opportunities to reduce costs, enhance water security and business continuity. Climate change, including rainfall variability and extended dry spells, can impact water availability, affecting statutory functions like dust suppression. Inefficient water use threatens Transnet's ability to adapt to climate change. Transnet also acknowledges its responsibility to improve its pollution control measures.

Transnet manages its water use with a risk-based approach focused on efficiency, compliance and collaboration. This includes water recycling and treatment initiatives and engagement with the Department of Water and Sanitation (DWS) to influence policy and support sustainable catchment management. Transnet collaborates with DWS to implement a water conservation and demand programme to ensure inclusive water governance. This programme aligns with SDG 6, which aims to ensure adequate water availability through improved water-use efficiency.

Performance in 2024/25FY

Transnet submits its annual performance report to the CDP to ensure continual water management improvements. Transnet achieved a B score in CDP's Water Security assessment, achieving a management level status. This indicates successful water management and reduced water risks. However, it did not reach the leadership level, which requires demonstrating best practices. Transnet's ESF will include water management commitments and support the organisation in achieving the leadership level.

Transnet noted shifts in water use, treatment, recycling, reuse and discharge patterns, demonstrating increased water-use efficiency and challenges related to increased cargo volumes. The significant increase in water withdrawal is attributed to higher cargo volumes, which demand more water-intensive operations such as dust suppression, cleaning and cooling processes. The sharp rise in recycled water demonstrates a significant improvement in water treatment and reuse infrastructure, highlighting a growing focus on water-use efficiency. This helps reduce dependence on freshwater sources and supports operational continuity. Lower water discharge volumes indicate improved water retention and reuse. This also reduces the environmental burden of wastewater released to municipal, industrial, and natural systems.

CASE STUDY: PORT OF DURBAN WATER NETWORK UPGRADE

At the Port of Durban, TNPA implemented a comprehensive water network upgrade project. Key interventions included replacing all aging asbestos piping with modern, durable PVC piping to enhance water flow efficiency and reduce leakage, installing smart metres for real-time consumption monitoring and implementing a system to centralise water management and enable remote monitoring of the water distribution network. The water network upgrade showcases how strategic infrastructure investment, backed by technology, can significantly enhance sustainability performance in industrial and logistics hubs. The project achieved substantial water savings and the foundation for smarter utility management across South African ports.

LOOKING FORWARD

- Developing and implementing the ESF to facilitate a coherent water governance approach and implementing a water management performance standard;
- Developing Group-wide water performance targets for reducing water waste and increasing water re-use and recycling;
- Implementing comprehensive water management plans, prioritising regions most affected by water scarcity;
- Pursuing desalination programmes across all ports, with the East London desalination plant at an advanced planning stage;
- Conducting water audits across all sites and installing water flow meters to track consumption;
- Implementing Group-wide water efficiency campaigns to encourage responsible water use;
- Participating in Government and industry-led water conservation programmes to remain informed of industry practices on water conservation and demand management; and
- Operationalising a water governance framework that promotes efficient water use by March 2027.

ENVIRONMENTAL STEWARDSHIP continued

BIODIVERSITY AND LAND USE MANAGEMENT

Transnet's nature-related risks are both financial and reputational, and biodiversity disclosures are increasingly required for raising investment or capital and operational funding.

Transnet contributes to ecological sustainability, the SDGs, and the National Biodiversity Strategy through land use planning, habitat restoration, and stakeholder collaboration. Transnet strives towards a no net loss to biodiversity by 2030 and is committed to the protection, conservation, restoration, and enhancement of biodiversity and land. The Kunming-Montreal Global Biodiversity Framework recommends that companies understand their biodiversity risks and opportunities.

Performance in 2024/25FY

SEAs conducted

A Strategic Environmental Assessment (SEA) facilitates the early identification of constraints and opportunities in the natural environment. SEAs for the Ports of Mossel Bay and Ngqura and the Oreline Corridor, extending from Sishen to the Port of Saldanha, were completed. The SEA process was initiated for the proposed Boegoebaai Port to ensure its sustainable development. SEA outcomes will guide project planning and development for ports and the iron ore segment strategy.

Invasive alien plant eradication

In 2024/25FY, there was a significant increase in eradicating invasive alien plants, with 2 581,97 hectares of alien invasive species cleared. The eradication of invasive alien plants is governed by the Alien Invasive Eradication Plans approved by the Department of Forestry, Fisheries and Environment (DFFE) in 2019.

Wildlife protection

Transnet's rail network transverses sensitive ecological areas across all nine provinces. These intersections have resulted in a growing environmental concern, wildlife mortality due to train collisions. Wildlife fatalities range from tortoises to endangered species such as white rhinos. Engagements with interested stakeholders are ongoing, including academic institutions, NGOs and Government departments to find solutions to wildlife and train collisions. For example, Freight Rail implemented a tortoise conservation plan to reduce tortoise deaths on rail infrastructure. The plan includes installing fences and tunnels and conducting awareness campaigns.

Transnet developed a Draft National Conservation Plan, which outlines measures to reduce wildlife fatalities along its railway corridors. These will include:

- Fencing and concrete barriers at high-risk areas to prevent animal access;
- Wildlife overpasses and underpasses aligned with animal movement patterns;
- Use of chemical repellents and animal detection systems such as sensors;
- Vegetation clearance for visibility and speed limits in hotspot zones;
- Employee education on species identification and response protocols; and
- Hotspot monitoring, emergency protocols, hunting bans and conservation support.

Early indications show improved stakeholder engagement and support from conservation bodies and reduced reported incidents in pilot zones where fencing and detection systems were trialled.

LOOKING FORWARD

Transnet is strengthening its biodiversity approach and plans to align with the Taskforce on Nature-related Financial Disclosures (TNFD). This framework will guide Transnet in identifying, assessing, disclosing and managing its nature-related risks and opportunities. Transnet will conduct a biodiversity interface footprint and impact study. The initial desktop assessment indicates that approximately 46% of port areas contain critically endangered ecosystems, and our rail network intersects with key biodiversity areas, including the greater Kruger National Park. Transnet does not have targets for biodiversity management and enhancement. However, the ESF, once operationalised, will address this. Other focus areas include finalising and implementing the National Wildlife Conservation Plan, restoring habitats and partnering with academic institutions, NGOs and communities on sustainable land use.

WASTE MANAGEMENT

Non-compliance with waste legislation would lead to legal fines, penalties and liabilities. Ports, depots and rail yards are high generators of industrial waste. Transnet's waste management approach aligns with Section 16 of the National Environmental Management: Waste Act (No 59 of 2008), which promotes the adoption and implementation of the waste management hierarchy:

- Waste avoidance;
- Waste reduction;
- Waste reuse;
- Waste recovery and recycling; and
- Waste disposal as the last option.

Performance in 2024/25FY

- Recycled 246 662 kl of used oil (2023/24FY: 222 kMT Extra), mainly from Transnet Engineering's train maintenance activities. The increased quantity of used oil is due to an increased train maintenance programme to support the R4G Strategy. This oil recycling programme resulted in material savings;
- Significant progress has been achieved on recycling hazardous waste with 126 433 tonnes recycled compared to zero recycled in 2023/24FY;
- Transnet recycled 35 091 Mt of scrap metal (2023/24FY: 66 798), a notable downward trend resulting from challenges with a new contractor appointed to manage scrap metal operations; and
- Both general and hazardous waste generation increased due to a higher level of operational activity. This increased Transnet's waste disposal at landfill sites.

LOOKING AHEAD

In the short to medium term, Transnet will identify areas where waste can be minimised or recycled to reduce costs, including for raw materials inputs for manufacturing at Transnet Engineering. Transnet aims to expand its waste circularity programmes in the medium to long term. These ambitions will be realised through a shift to circular procurement, partnerships with municipalities, reclaimers, contractors, recycling companies and exploring waste-to-energy opportunities.

Other focus areas include:

- Developing and implementing a waste management standard aligned with ESF to embed the waste management hierarchy;
- Implementing waste management plans across all Operating Divisions supported by a robust waste tracking system;
- Recycling or repurposing network waste stream for re-use, recycling and re-purposing (old ballast and sleepers);
- Investigating waste exchanges and circularity partnerships;
- Adapting operational, manufacturing and process standards to reduce waste through design choices; and
- Implementing waste recycling initiatives coupled with employee awareness campaigns and training.

ENVIRONMENTAL STEWARDSHIP continued

ENVIRONMENTAL COMPLIANCE AND INCIDENT MANAGEMENT

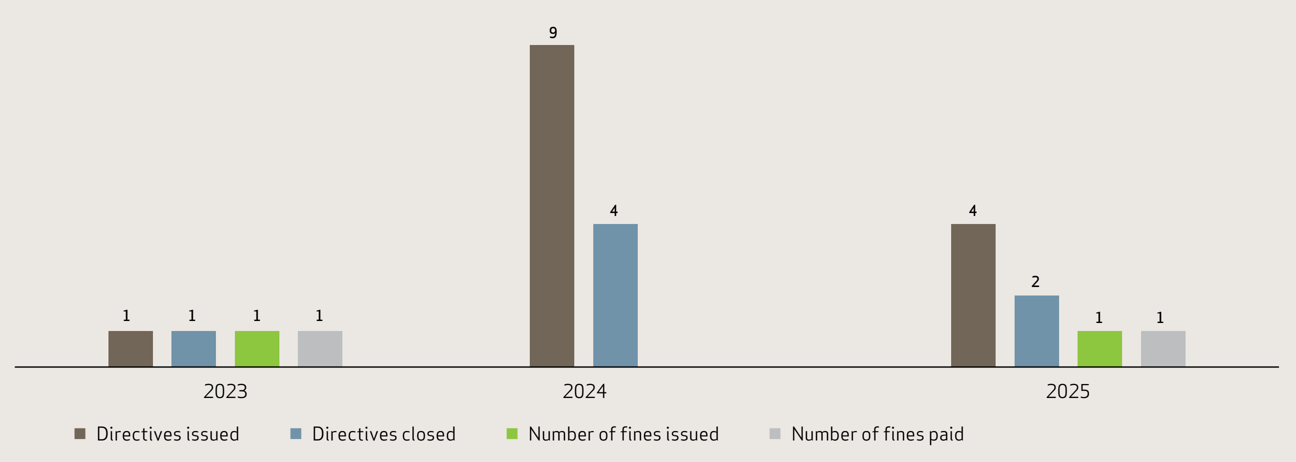
Environmental compliance is critical to safeguarding natural resources and communities' wellbeing while upholding Transnet's license to operate.

Transnet conducts its operations in a manner that minimises environmental impacts, including adhering to industry codes and standards and environmental laws at the local, provincial and national levels. Non-compliance exposes Transnet to legal, financial and reputational risks. Maintaining zero legal contraventions and preventing level 1 and 2 environmental incidents are key goals within the ESG Strategy.

Performance in 2024/25FY

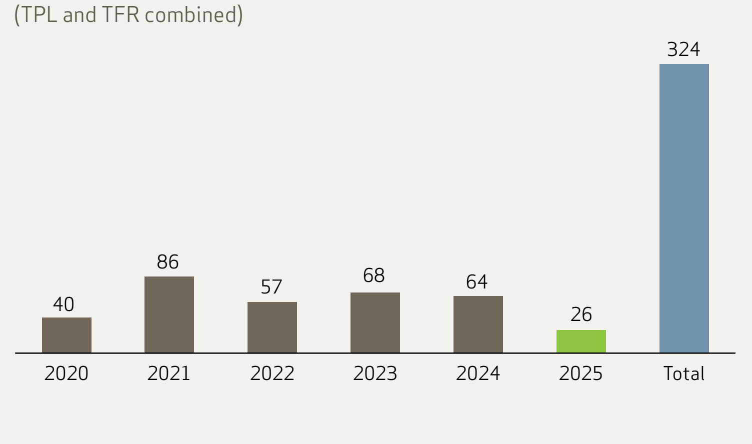
- While Transnet did not achieve its target of zero contraventions, it improved its environmental compliance levels. This is due to implementing several compliance obligations assurance programmes;
- Commencing the implementation of the Contaminated Land and Remediation Framework, which has already addressed some historical contamination. The Contaminated Land and Remediation Forum, with representation from all Operating Divisions, supports the implementation of the framework;
- Progress on contaminated site assessments is at 94% completion. The number of contaminated sites with remediation orders is 56% or 57/101 of the total registered contaminated sites. Progress on remediation of contaminated sites is 72% complete (Sites with issued closure letters and some awaiting closure), representing nearly half of the registered or declared contaminated sites. Progress was achieved towards the target of 50% remediation of historical contaminated sites by 2028; and
- Completion of annual environmental audits at all high-risk sites, with non-conformances addressed through corrective action plans.

Legal contraventions



Level 1 and 2 environmental incidents

Transnet reduced environmental incidents by 59% year-on-year. There were 26 environmental incidents recorded (2023/24FY: 64), including 12 for TPL and 14 for Freight Rail. At TPL, spillage-related incidents have decreased due to ongoing security interventions. Freight Rail has experienced reduced incidents linked to infrastructure vandalism due to strengthened security measures. The necessary contracts for spill response and risk assessment are in place to support remediation efforts at affected sites, with positive progress achieved.



LOOKING AHEAD

With structured oversight, robust auditing, and leadership-driven accountability, Transnet is positioned to achieve its desired zero non-compliance performance and maintain a safer environment for its employees, contractors, and the communities it serves. Transnet will adhere to its environmental compliance obligations, which will be supported by an assurance programme emphasising high-impact areas. Other focus areas include:

- Establishing Group-wide targets to be integrated into the ESG Strategy and the executive management performance system;
- Roll out the risk-based approach programme across all Operating Divisions;
- Evaluating the adequacy and effectiveness of existing environmental compliance and incident management controls;
- Commissioning third-line environmental compliance assurance for an independent and objective evaluation of the Group's environmental compliance levels; and
- Measuring and reducing environmental impact by certification of Transnet's EMS through ISO 14001.

GLOSSARY

Asset turnover (times)
Revenue divided by total assets (total assets excluding capital work in progress).

Cash interest cover (times)
Cash generated from operations after working capital changes, divided by net finance costs (net finance costs include finance costs, finance income and capitalised borrowing costs from the cash flow statement).

Debt (for gearing calculation)
Long-term borrowings, short-term borrowings, employee benefits, derivative financial liabilities plus overdraft, less other short-term investments, less derivative financial assets and less cash and cash equivalents.

EBITDA
Profit/(loss) from operations before depreciation, derecognition, amortisation, impairment of assets, dividend received, post-retirement benefit obligation (costs)/income, fair value adjustments, income/(loss) from associates and net finance costs.

EBITDA margin
EBITDA expressed as a percentage of revenue.

Equity
Issued capital and reserves.

Gearing
Debt expressed as a percentage of the sum of debt and Shareholder's equity.

Headline earnings
As defined in Circular 2/2013, issued by the South African Institute of Chartered Accountants, all items of a capital nature are separated from earnings (by headline earnings).

Operating profit
Profit/(loss) from operations after depreciation, derecognition and amortisation but before impairment of assets, dividends received, post-retirement benefit obligation (expense)/income, fair value adjustments, income/(loss) from associates and net finance costs.

Operating profit margin
Operating profit expressed as a percentage of revenue.

Return on total average assets
Operating profit expressed as a percentage of total average assets (total average assets exclude capital work in progress).

Total assets
Non-current and current assets.

Total average assets
Total assets, where average is equal to the total assets at the beginning of the reporting year, plus total assets at the end of the reporting year, divided by two.

Total debt
Non-current and current liabilities.

ACRONYMS

AEL	Atmospheric Emissions Licences
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APDP	Automotive Production and Development Programme
CAGR	Compound annual growth rate
CAP	Corrective Action Plan
CDP	Carbon Disclosure Project
CSI	Corporate Social Investment
DCT	Durban Container Terminal
DFFE	Department of Forests, Fisheries and Environment
DOA	Delegation of Authority
DoT	Department of Transport
DPE	Department of Public Enterprise
EAP	Employee Assistance Programme
EDIT	Employment, Diversity, Inclusivity, and Transformation
EME	Exempted micro enterprises
ERM	Enterprise Risk Management
ERRP	Economic Reconstruction and Recovery Plan
ESD	Enterprise Supplier Development
ESF	Environmental Sustainability Framework
ESG	Environmental, Social, and Governance
EU	European Union
FRM	Fraud Risk Management
FRMP	Fraud Risk Management Plan
GDP	Gross domestic product
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IoT	Internet of Things
IREC	Interim Rail Economic Regulatory Capacity
IRMP	Integrated Risk Management Plan
ISSB	International Sustainability Standards Board
ITO	International Terminal Operator
JSE	Johannesburg Stock Exchange
KPI	Key Performance Indicators
LCMS	Locomotive Condition Monitoring System
LNG	Liquified Natural Gas
LSP	Logistics service providers
LTI	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate
MBA	Masters in Business Administration
MBL	Masters in Business Leadership
MPP	Multi Product Pipeline
MRG	Methane Rich Gas
MRSA	Maintenance and Reliability Support Agreements
NDP	National Development Plan
NGO	Non-Governmental Organisations
NIST	National Institute of Standards and Technology
NLCC	National Logistics Crisis Committee
NMPP	New Multi-product Pipeline
NPO	Non-Profit Organisations
OD	Operating Division
OELP	Oxford Executive Leadership Programme
OEM	Original Equipment Manufacturer
PFMA	Public Financial Management Act
PPA	Power Purchase Agreements
PSP	Private sector participation
PWD	People living with disabilities
QSE	Qualifying small enterprises
R&D	Research and Development
RBM	Richard's Bay Minerals
REMSEC	Remuneration, Social and Ethics Committee
RFI	Request for information
RFP	Request for Proposal
RIMF	Risk and Integrity Management Framework
RSR	Railway Safety Regulator
SADC	South African Development Community
SANAS	South African National Accreditation System
SASB	Sustainability Accounting Standards Board
SCM	Supply Chain Management
SDG	Sustainable Development Goals
SDO	Sustainable Development Outcomes
SEA	Strategic Environmental Assessment
SETA	Sector Education and Training Authority
SME	Small- and medium- enterprises
SMME	Small-, micro-, and medium-enterprise
SOC	State-owned Company
SOE	State-owned Enterprises
SSI	Statement of Strategic Intent
TCC	Transnet Corporate Centre
TCFD	Taskforce on Climate Financial Disclosure
TE	Transnet Engineering
TEU	Twenty-foot equivalent units
TFIT	Transnet Fuel Import Terminal
TFR	Transnet Freight Rail
TMPS	Total Measured Procurement Spend
TNPA	Transnet National Ports Authority
TPT	Transnet Port Terminals

CORPORATE INFORMATION

TRANSNET SOC LTD

Incorporated in the Republic of South Africa.
Registration number 1990/000900/30.
138 Eloff street
Braamfontein
Johannesburg
2000

PO Box 72501
Parkview
Johannesburg
South Africa
2122

EXECUTIVE DIRECTORS

Ms MJ Phillips
(Group Chief Executive)
Ms RNM Maphumulo
(Group Chief Financial Officer)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr AH Sangqu (Chairperson)
Ms SRM Buthelezi
Mr MAW Debel
Mr BM Jiya
Prof. FS Mufamadi
Ms LM Letsoalo
Mr DD Patel
Ms BG Sedupane
Ms MP Zambane
Ms KG Mbonambi

GROUP COMPANY SECRETARY

S Bopape
138 Eloff street
Braamfontein
Johannesburg
2000

PO Box 72501
Parkview
Johannesburg
South Africa
2122

AUDITORS

Auditor-General of South Africa
4 Daventry Street,
Lynnwood Bridge Office Park
Lynnwood Manor
Pretoria, SA

Postal address
PO Box 446
Pretoria
0001

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