

TRANSNET



INTEGRATED REPORT 2025

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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.



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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 1 948 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

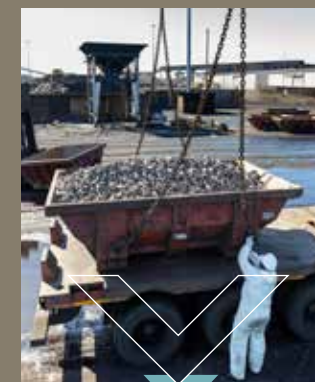
Total headcount
7 478



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



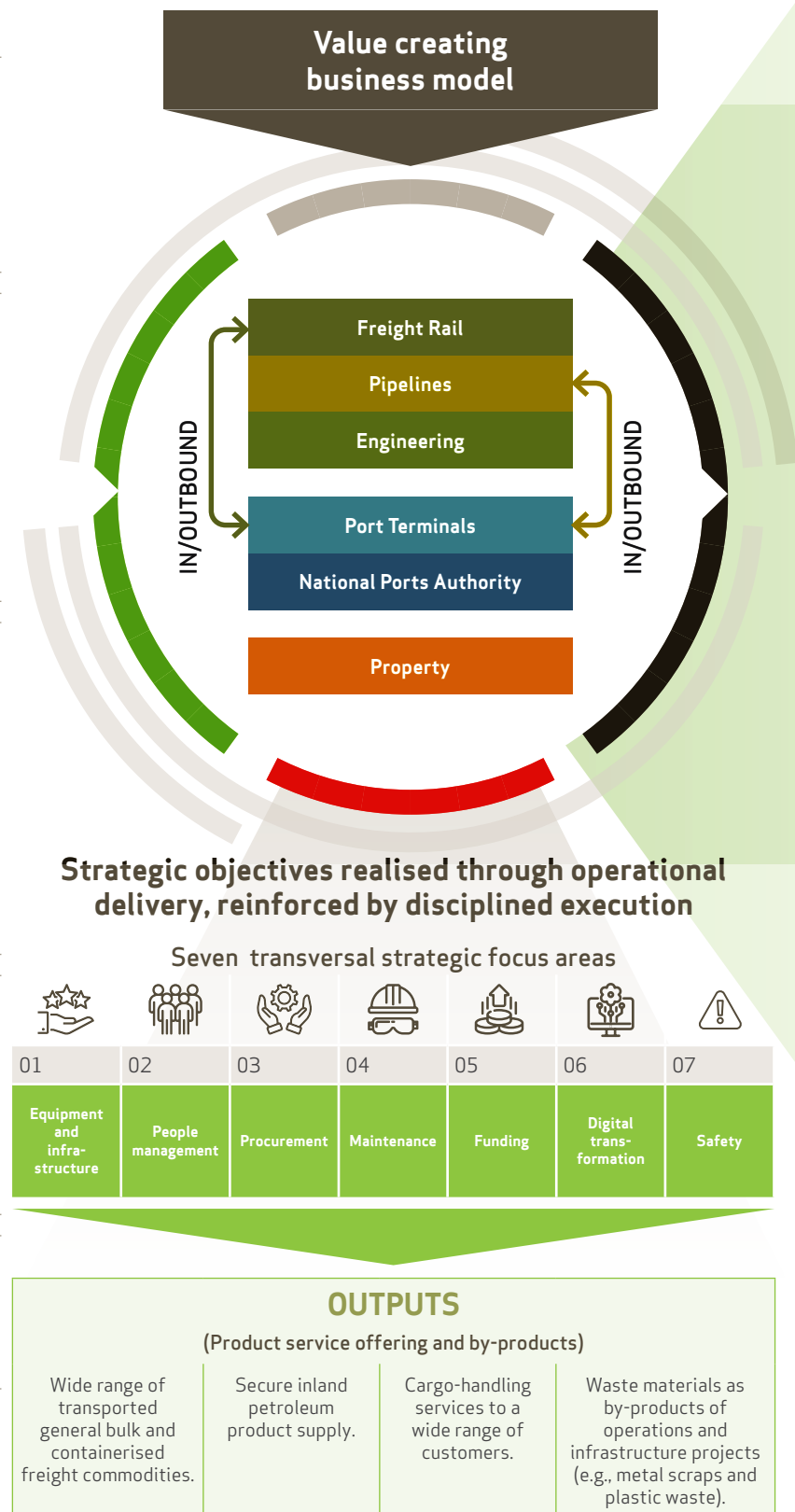
SOCIAL AND RELATIONSHIP

- 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



CAPITAL OUTCOMES



- 📈 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



- 📈 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



- 📈 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 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



- ⚖️ 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.



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.



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.



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	HOW STAKEHOLDER ISSUES ARE RESOLVED	STAKEHOLDER ISSUES AND CATEGORIES
- 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.	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.	- 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 Sentrarrand, 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

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.

Methods and channels of engagement

- Community engagements
- Traditional leadership engagement
- Enterprise and supplier development
- Skills development
- CSI

Expectations and key engagement issues

- Access to opportunities
- Social investment and development
- Skills and education support
- Transparent communication

Our response

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

- Operational sustainability and efficiency
- Reputation management

Capitals impacted



LOOKING FORWARD

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

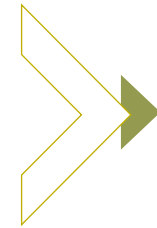
- Encouraging stakeholders' relationship owners to take charge of the engagements;
- Conducting an audit on the stakeholder relationship owners' impact on stakeholders;
- Providing feedback on the multi-stakeholder perception survey, to be conducted late in the 2025 calendar year. The survey will evaluate 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 steaming¹ 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

BOARD MEMBERS



ANDILE SANGQU
Chairperson of the Board
Birth Date: October 1966
Appointment date: July 2023

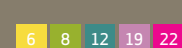


Qualifications
DBA (GIBS), MBL (UNISA), Advanced Management (INSEAD), BCom Accounting (Rhodes), BCompt (Hons) CTA (WSU), Higher Diploma in Tax Law (UJ)

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



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



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



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



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



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

- 1 Audit
- 2 Corporate Governance and Nominations
- 3 Finance and Investment
- 4 Remuneration, Social and Ethics
- 5 Risk
- 6 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

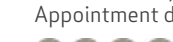


MOSADIWAMARETLWA ZAMBANE

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

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.



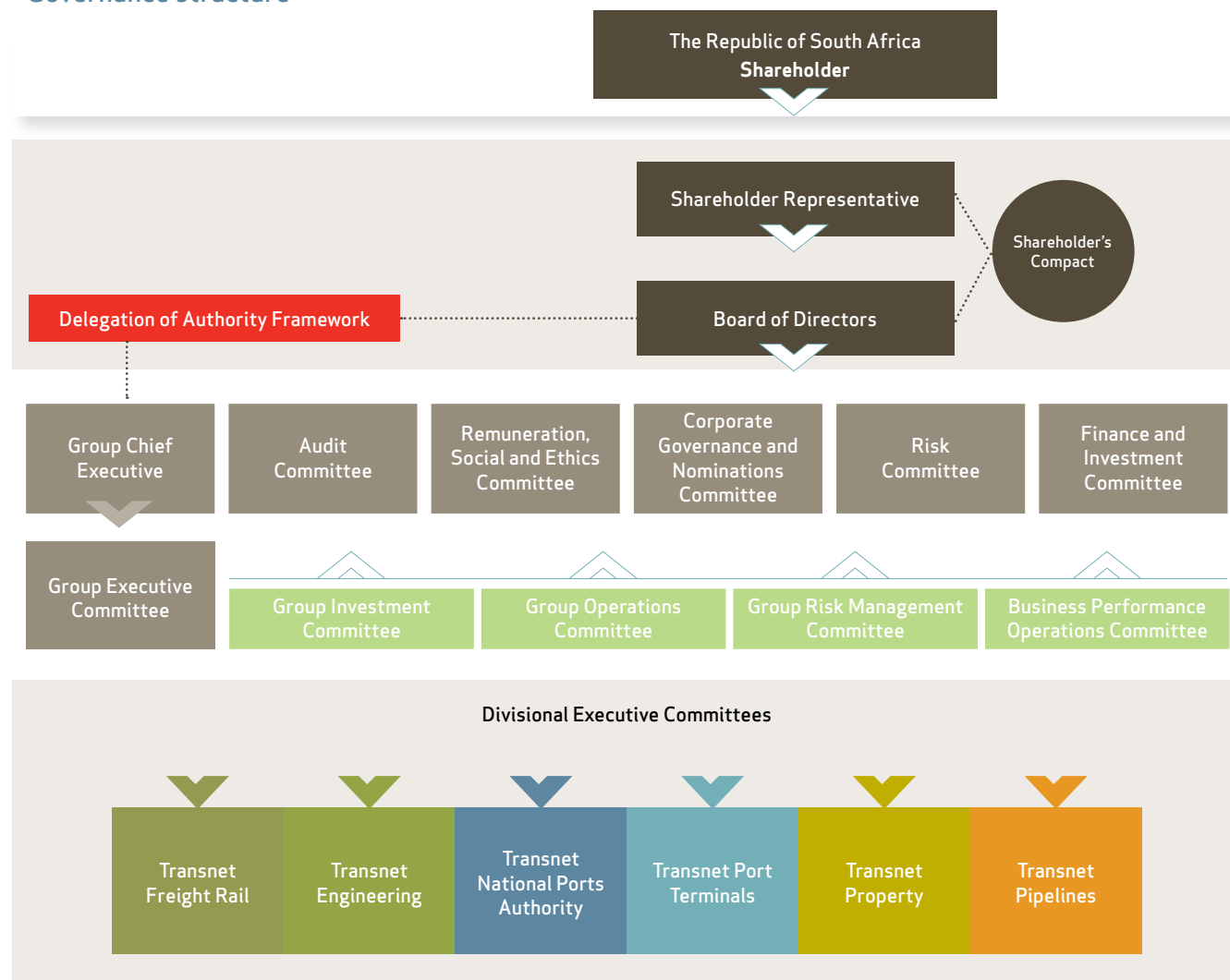
Transnet is a State-owned entity, under the control of its Board, committed to continuously improving sound governance in accordance with the PFMA, the Companies Act, JSE listing requirements and other relevant legislation. The Board strives to embed best practice governance principles throughout the 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.

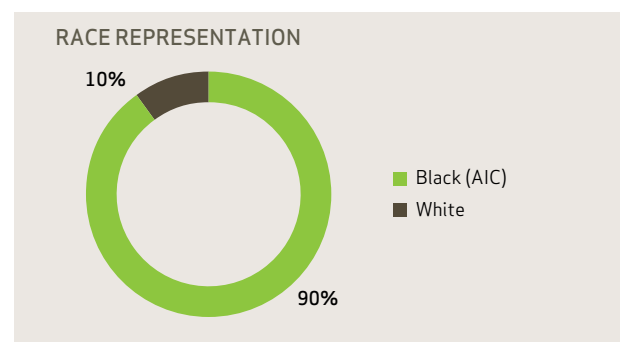
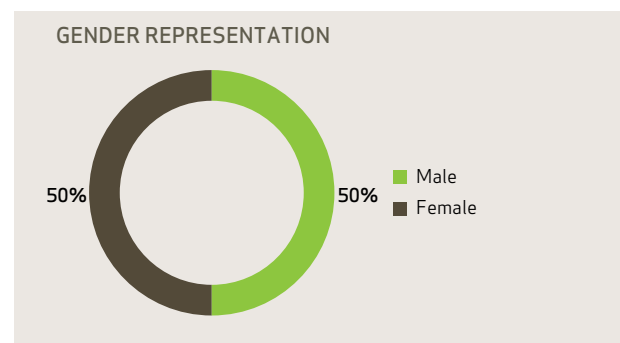
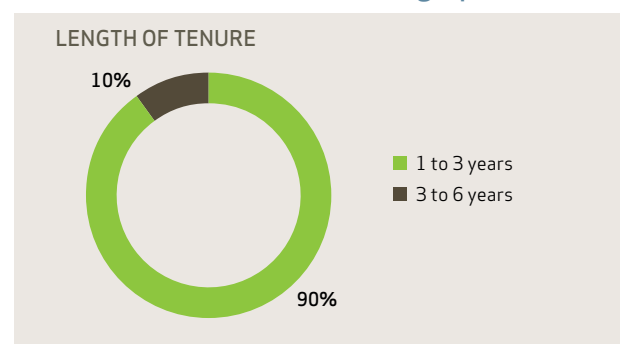
Prescribed Officers

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



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.





GOVERNANCE OVERVIEW continued

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.



GOVERNANCE OVERVIEW continued

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	Retirement benefit fund					Total 2024 R'000
	Salary R'000	contribution R'000	UIF contribution R'000	Other payments R'000	Total 2025 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

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)



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)



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)



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

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



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.



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.



01
AUTOMOTIVE



02
CONTAINERS



03
COAL



04
CHROME AND
MAGNETITE



05
IRON ORE



06
MANGANESE

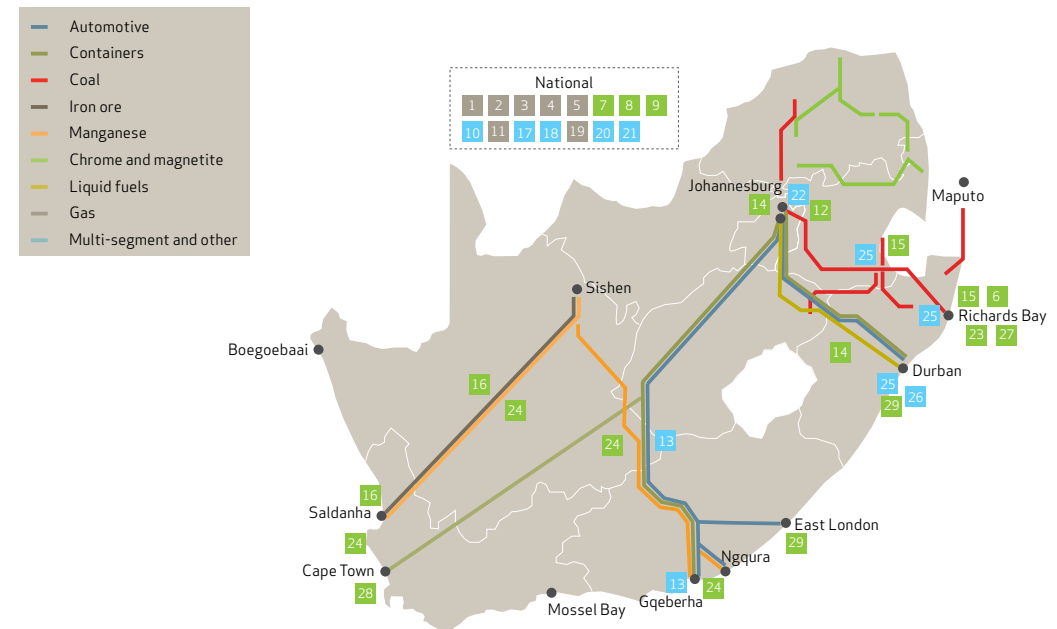


07
ENERGY



08
AGRICULTURE

High-level portfolio overview



Rail routings are approximations for illustrative purposes.

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

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 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.

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

- **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.**

TRANSNET'S STRATEGIC RESPONSES

- **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 footprint 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

- 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**.

TRANSNET'S STRATEGIC RESPONSES

- 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

- 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 **regulatory requirements or compliance standards**.

TRANSNET'S STRATEGIC RESPONSES

- **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

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.

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.

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

- **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.**

TRANSNET'S STRATEGIC RESPONSES

- **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,

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.

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.

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

- **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.

TRANSNET'S STRATEGIC RESPONSES

- 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

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.

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.

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

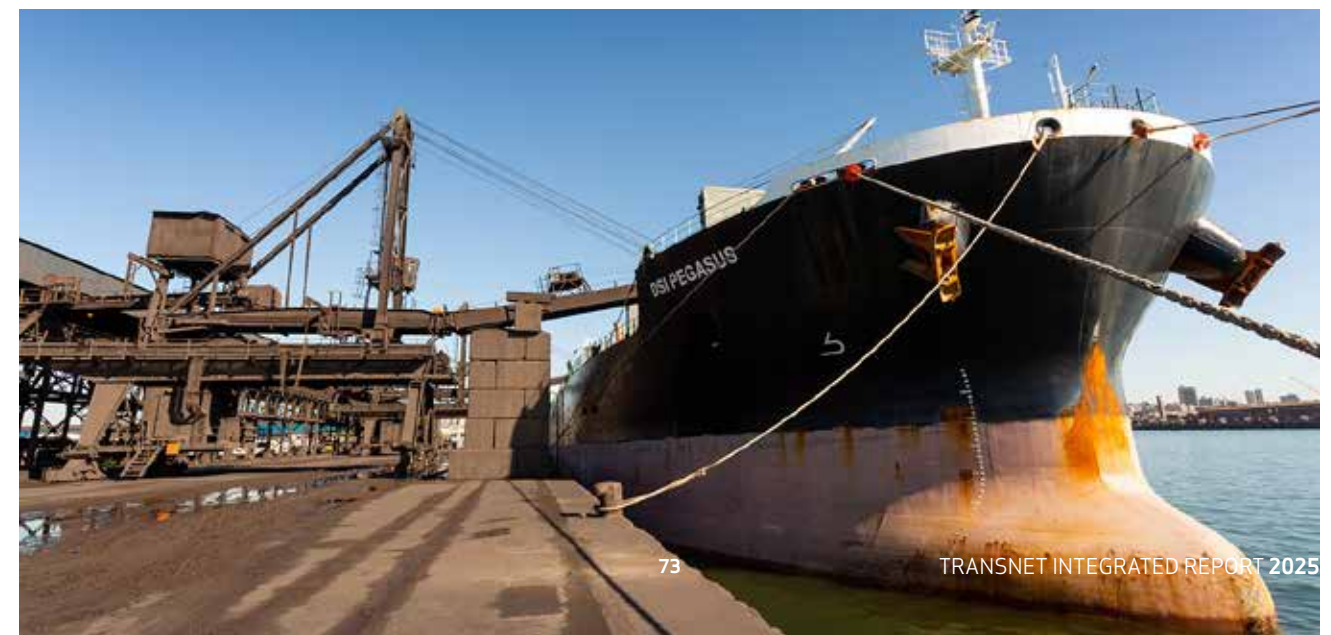
- **Deteriorating operational performance due to asset condition and utilisation** is a contractual and reputational risk for local producers;
- The **high cost of expansion** could render domestic producers uncompetitive;
- **Increasing commodity price volatility** due to market oversupply poses an 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.

TRANSNET'S STRATEGIC RESPONSES

- **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

- **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.

TRANSNET'S STRATEGIC RESPONSES

- 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

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.

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.

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

- **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.

TRANSNET'S STRATEGIC RESPONSES

- **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.

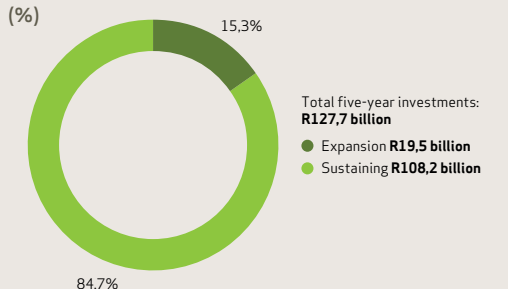
Key budget principles for the five-year planning cycle required, among others, the realisation of segment strategies and the incorporation of PSP opportunities to ease the funding burden. While Transnet's Capital Investment Plan is mainly sustaining capital-focused, the segment strategies seek expansion 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				Total five years
		2026/27	2027/28	2028/29	2029/30	
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%).

R billion	Rail		Port		Other	Total five years
	Freight Rail	Rail Infrastructure Manager	Port Terminals	National Ports Authority		
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

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.

R million	Budget 2025/26	Projections				Total five years
		2026/27	2027/28	2028/29	2029/30	
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.

R million	Budget 2025/26	Projections				Total five years
		2026/27	2027/28	2028/29	2029/30	
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.

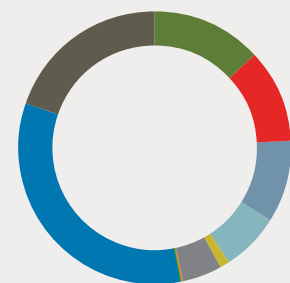
Capitalised operating expenditure refers to maintenance costs that Transnet can capitalise and amortise over time when the maintenance activity has an enduring and long-standing benefit. This practice aligns with IFRS recommendations adopted by Transnet. The Transnet policy allows asset refurbishment 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.

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**



Strategic commodities R65,5 billion
51,3% of total five-year investment

- Coal **R19,4 billion**
- Containers **R18,6 billion**
- Iron ore **R14,1 billion**
- Energy **R10,7 billion**
- Chrome and magnetite **R0,6 billion**
- Manganese **R1,8 billion**
- Automotive **R0,3 billion**
- Agriculture **R0,0 billion**

General Freight and other R62,2 billion
48,7% of total five-year investment

- General freight **R41,0 billion**
- Other **R21,2 billion**

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:

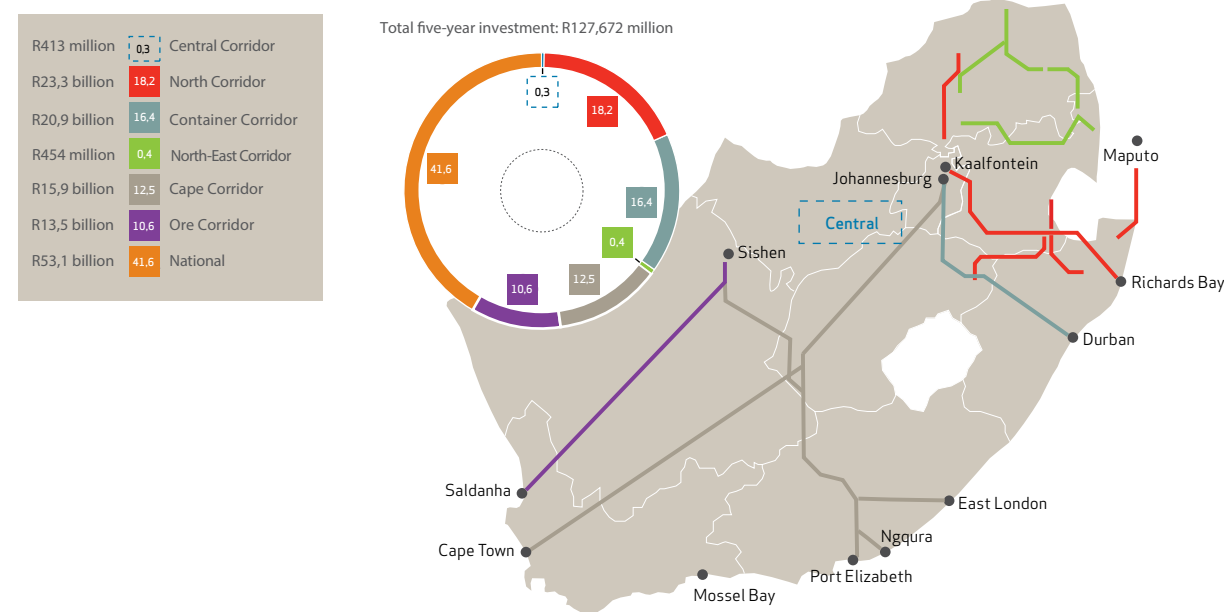
- Preserving road infrastructure through the road-to-rail migration strategy;
- Stimulating economic activity through growth in the commodities sector by creating the necessary logistics capacity; and
- Job creation through localisation.

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

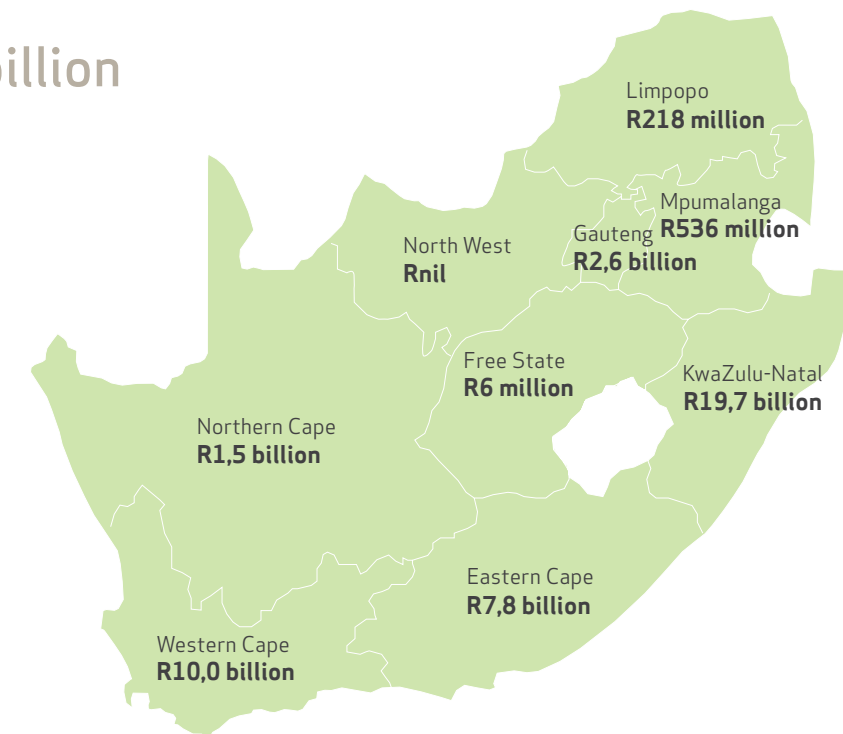
This corridor utilises R15,9 billion (12,5%) of the five-year capital investment with the key focus on projects that support manganese and containers.

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

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.	Service agreements Establish long-term agreements for critical infrastructure maintenance.	Regular reviews Review maintenance plans every five years to incorporate new developments.
Asset management Develop detailed asset management plans to ensure smooth refurbishment and replacement cycles.	Localisation Drive localisation of components during asset procurement to support local supply chains.	Coordinated planning Coordinate planning milestones among Maintenance/Engineering, Operations, and Procurement.
Maintenance planning Create a rolling three- to five-year refurbishment and maintenance plans, costed using industry benchmarks.	Preventative maintenance Follow a preventative maintenance strategy, with some assets managed on a run-to-failure basis.	Shutdown events Coordinate periodic shutdowns to maximise maintenance and refurbishment opportunities.
Lifecycle management Apply lifecycle management principles during asset acquisition.	Adaptation Modify maintenance plans based on local conditions and new technologies.	Root cause analysis Implement processes to identify and address recurring breakdowns and failures.
OEM partnerships Enter long-term agreements with OEMs for parts supply, equipment upgrades, and knowledge sharing.	Predictive maintenance Implement predictive and reliability-centred maintenance for certain assets.	Maintenance systems Use computerised maintenance, management systems for planning, scheduling, and tracking maintenance activities.
	Legislated standards Maintain assets according to legislation standards and document 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.

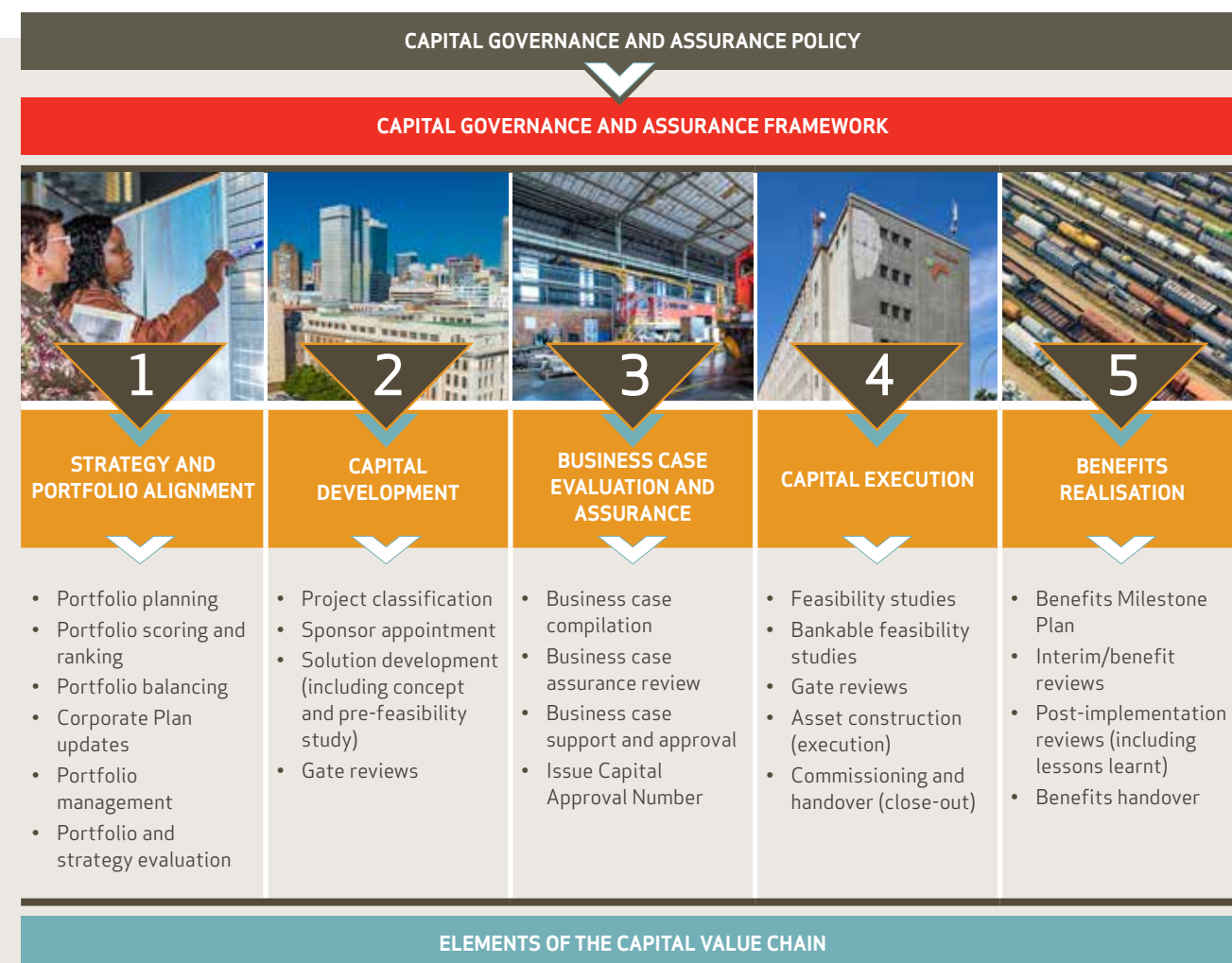
A comprehensive Capital Governance and Assurance Policy provides the principles that all self-funded (including maintenance projects) or debt-funded capital investments must comply with. The relevant policy statements are included in the Interim Review Standard Operating Procedure (SOP), the Business 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



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.

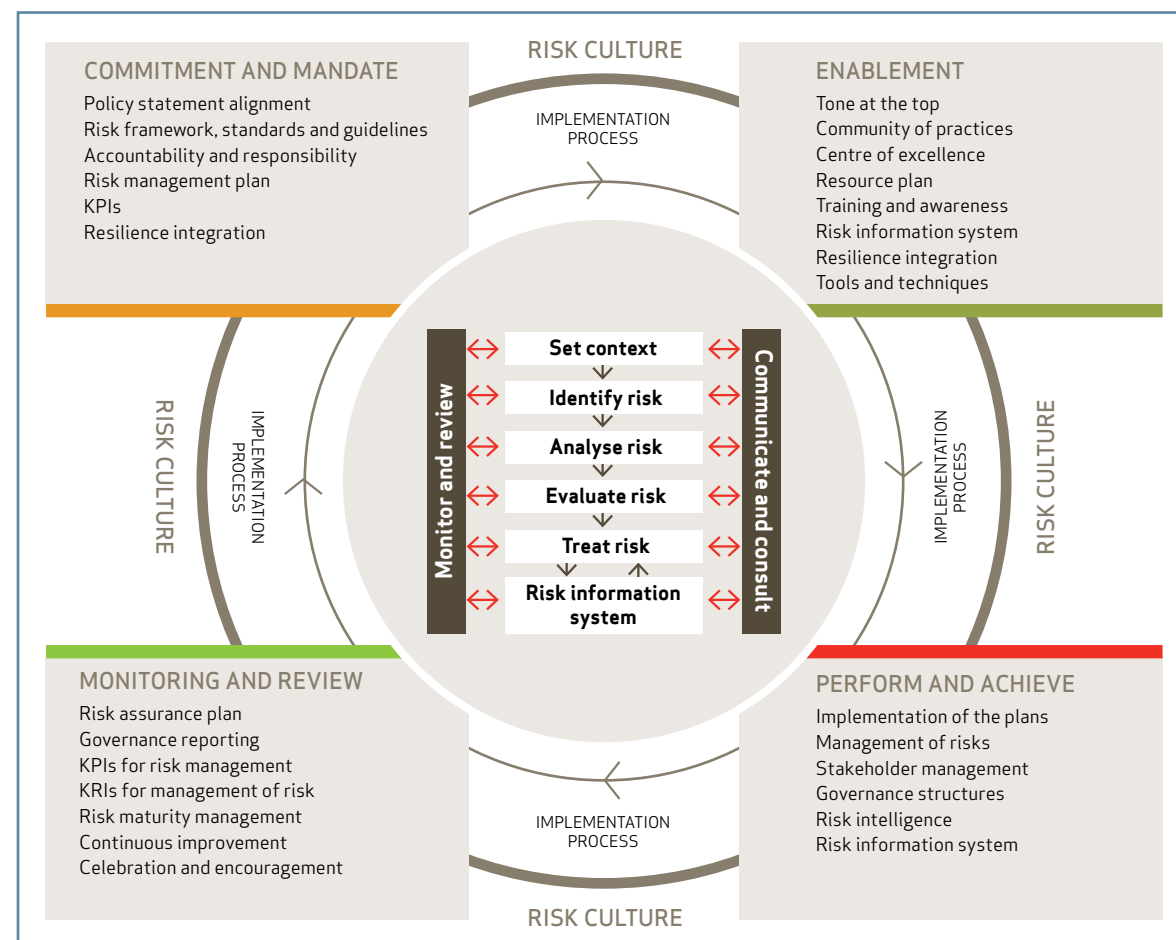
The policy is realised through the ERM Framework, which was developed using ISO 31000:2018 risk management principles

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

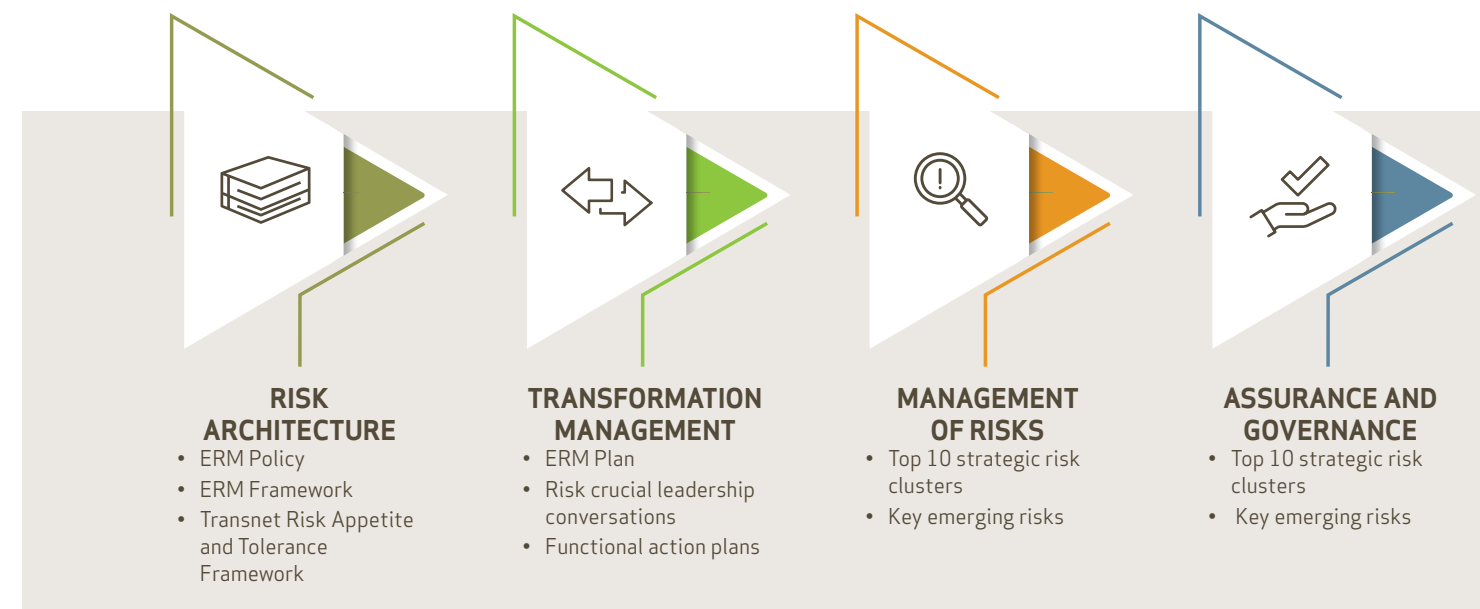


TRANSNET'S RISK MANAGEMENT PROCESS AND ARCHITECTURE

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

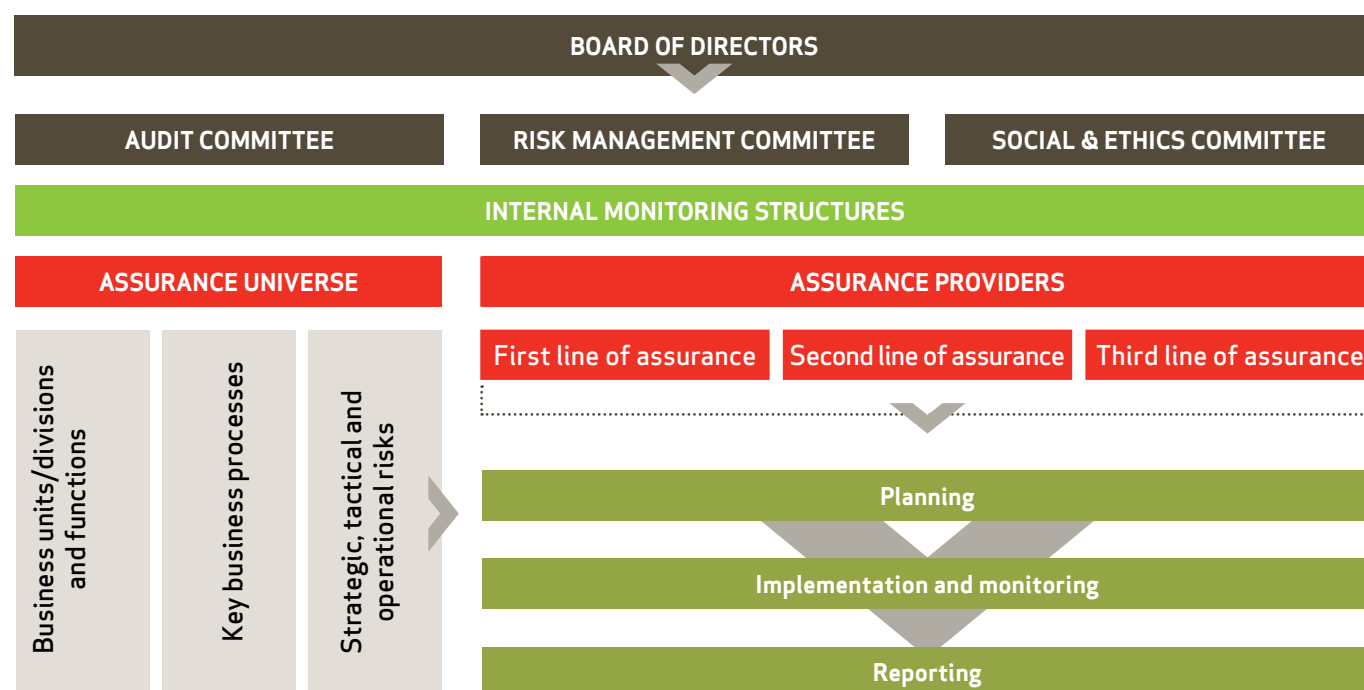
The second line of assurance engages internal assurance providers, who are indirectly accountable for risk management, such as Group functions and the Operating Divisions. This line of assurance aims to further embed adequacy and effectiveness in managing the top 10 strategic risk clusters and key emerging 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	●	Financial Sustainability	01	●
Financial Sustainability	02	●	Operational Sustainability and Efficiency	02	●
Business Development	03	●	Business Development	03	●
Infrastructure/Asset Creation	04	●	Infrastructure/Asset Creation	04	●
Market/Segment/Customer	05	●	Market/Segment/Customer	05	●
Safety, Security, Health and Environment	06	●	Safety, Security, Health and Environment	06	●
Governance*	07	●	People and Learning	07	●
Reputation Management	08	●	Governance	08	●
People and Learning	09	●	Reputation Management	09	●
Developmental/Industrialisation/Procurement	10	●	Developmental/Industrialisation/Procurement	10	●

* Governance includes Regulatory changes and Regulated Entities.

1

OPERATIONAL SUSTAINABILITY AND EFFICIENCY

Responsibility

Operating Division Chief Executive Officers

Link to capitals



Risk description

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.

Appetite statement

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

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.

Appetite statement

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

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.

Appetite statement

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

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.

Appetite statement

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

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.

Appetite statement

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

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.

Appetite statement

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.	 	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.

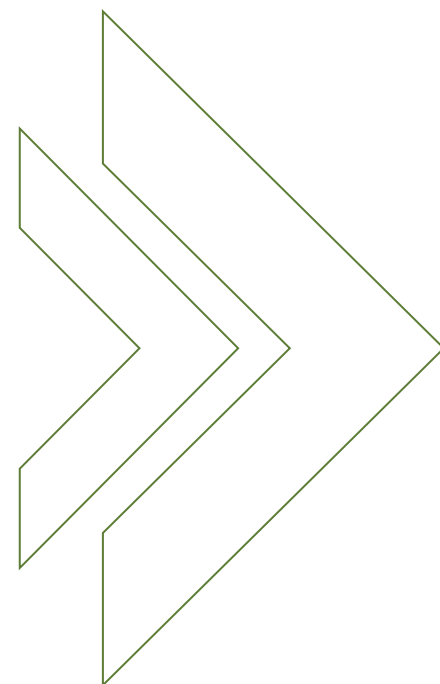
Group Employee Relations is working on making the process of managing grievances less cumbersome by streamlining and digitalising the process of lodging grievances.

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.	  	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.	  	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.

	2024/25FY R million	2023/24FY	2022/23FY	Three-year increase/ decrease	Observed trend
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 R million	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.		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.

Segment	Number of Lost Time Injuries (LTIs)		LTIFR: Target 0,75	
	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

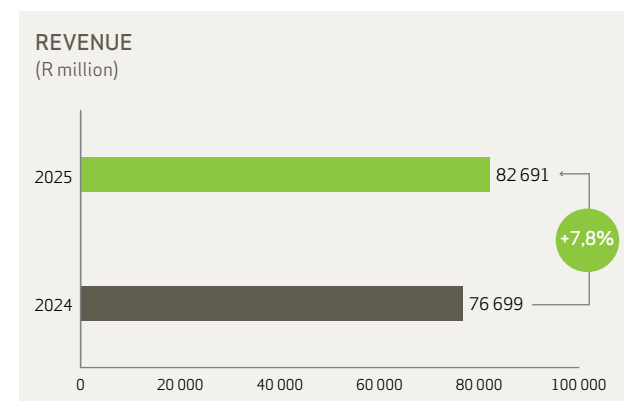
Guided by the Tactical Recovery Plan and supported by decisive Government intervention, Transnet has turned a corner. Revenue growth, improved cost discipline and enhanced operational efficiencies contributed to a significantly reduced net loss and a stronger earnings profile. The Group's capital investment 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.



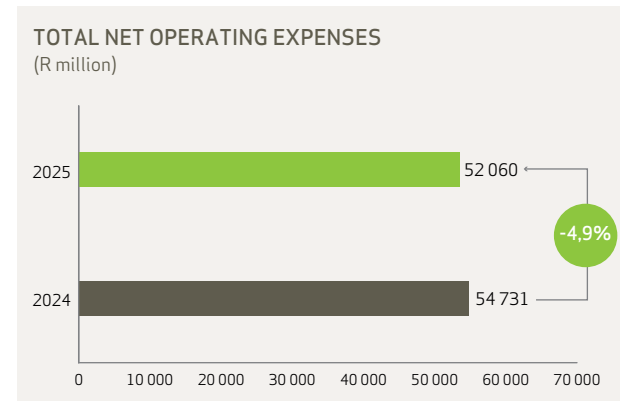
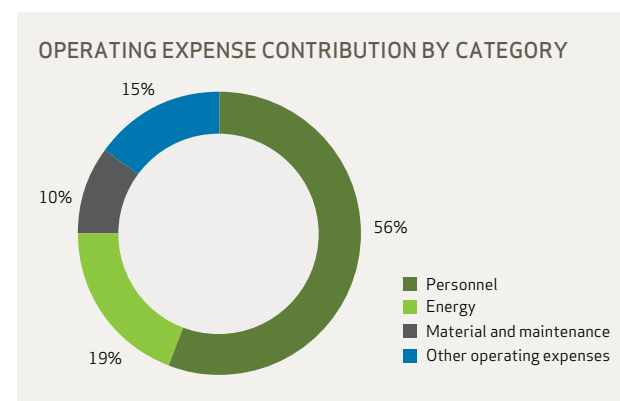
Net operating expenses

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.



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

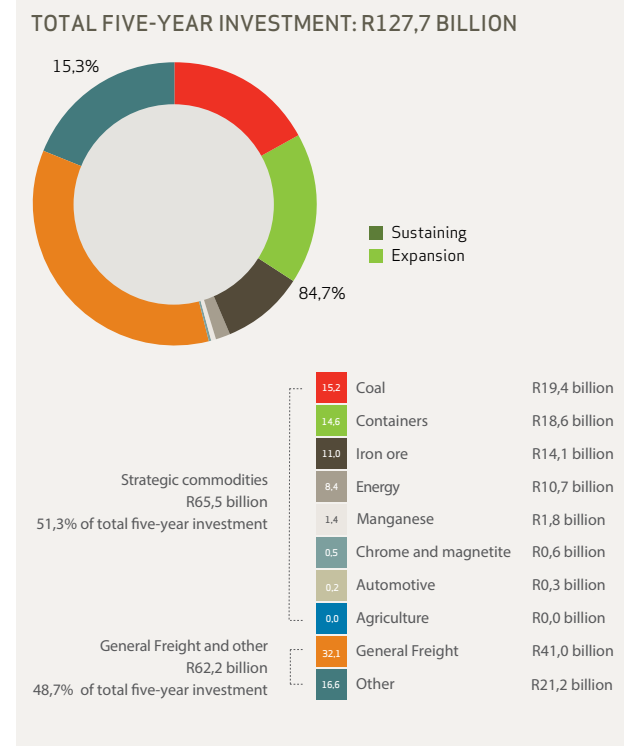
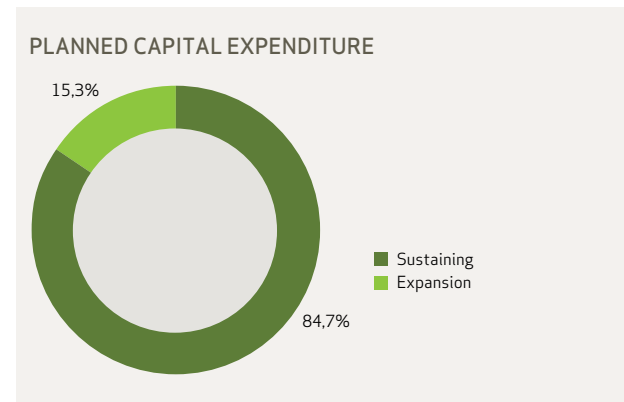
The net loss narrowed significantly to R1,9 billion, a 74,0% improvement from the R7,3 billion loss in the prior year, demonstrating that Transnet is on a credible path to recovery.

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.



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 brought 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.

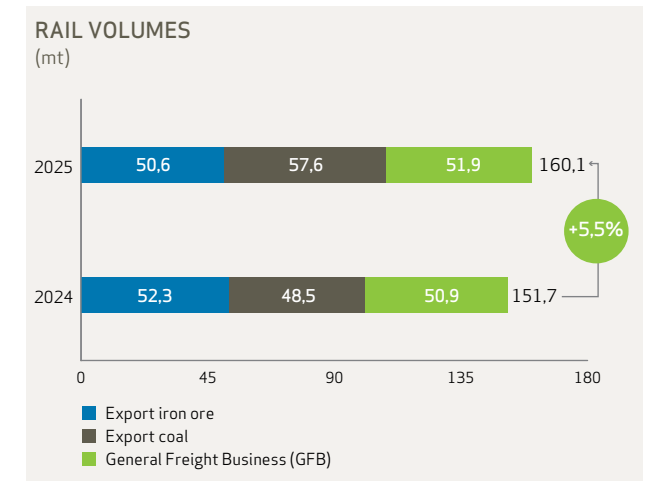
OPERATING DIVISION OVERVIEW

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.



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.

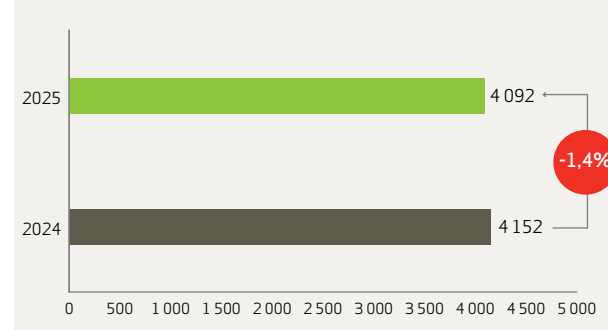
Transnet Port Terminals

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)



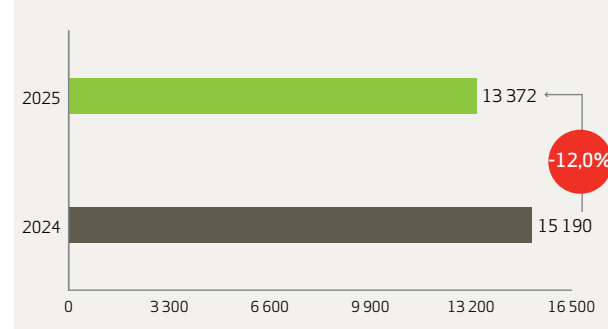
Transnet Pipelines

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

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	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	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
	19 501	18 456	8 149	6 692	81 811	75 681	880	1 018	82 691	76 699
	-	-	6	5	13 925	12 435	(13 925)	(12 435)	-	-
	19 501	18 456	8 155	6 697	95 736	88 116	(13 045)	(11 417)	82 691	76 699
	5 987	6 333	8 764	(1)	30 514	21 771	117	197	30 631	21 968
	38 415	34 519	49 258	44 498	385 191	365 857	(19 256)	(1 620)	365 935	364 237
	8 578	8 043	22 173	21 220	226 093	205 922	6 425	20 619	232 518	226 541
	3 537	2 009	297	191	23 225	16 382	807	280	24 032	16 662
	6 827	6 715	4 962	4 766	27 215	28 071	1 411	731	28 626	28 802
	30,7	34,3	107,5	-	31,9	24,7	n/a	n/a	37,0	28,6
	9 206	8 982	661	640	42 851	43 624	2 599	2 630	45 450	46 254

REGIONAL INTEGRATION



	2025 R million	2024 R million	2023 R million
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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

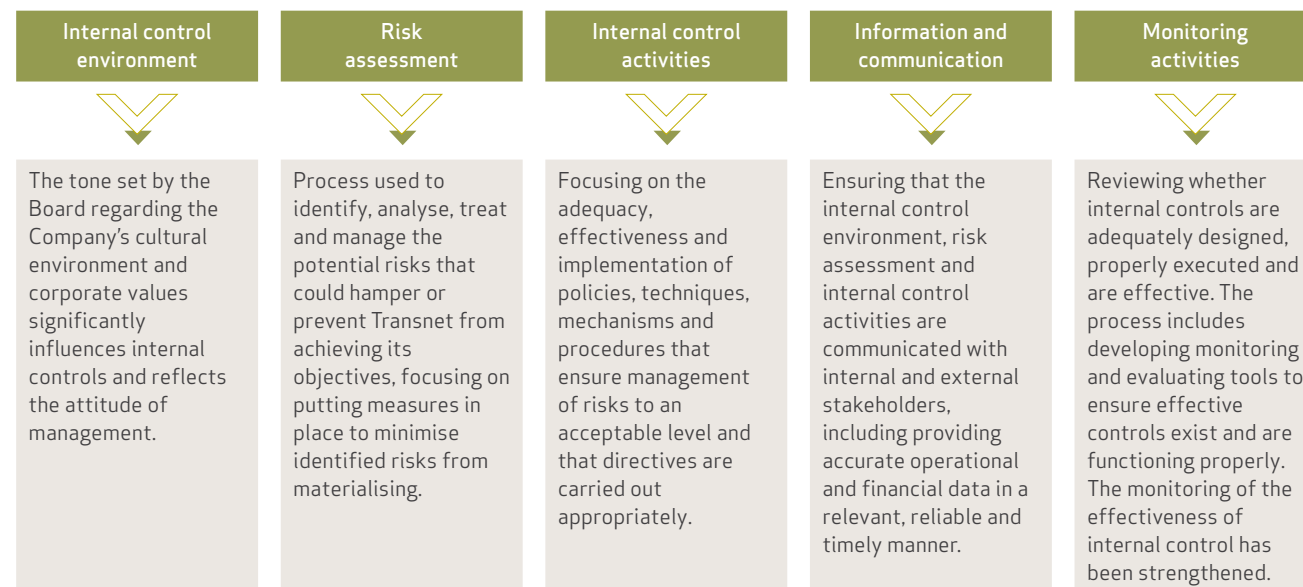
Effective internal controls are the backbone of responsible corporate governance, enabling Transnet to proactively manage risks, ensure operational efficiency, safeguard assets, uphold regulatory compliance, and protect the integrity of financial and non-financial reporting.



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:



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).

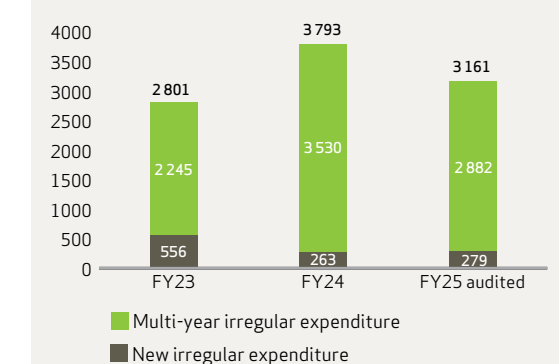
Potential PFMA violations relate to potential identified incidents of non-compliance, which are under assessment and have not been confirmed to be an actual PFMA violation.

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.



GOVERNANCE AND COMPLIANCE continued

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.

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.

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.

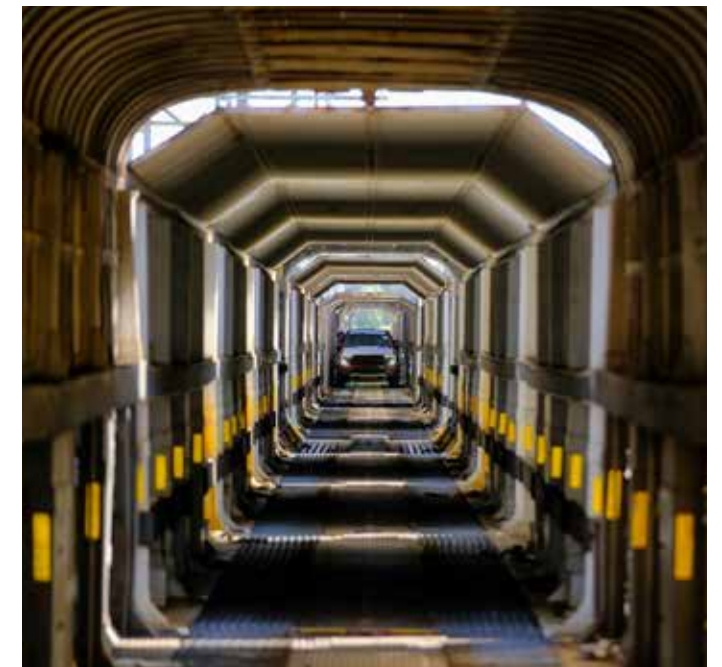
Transnet enforces its Supplier Code of Conduct, which emphasises:

- 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.

Compliance with Section 79 Approval and PFMA SCM Instruction Note No. 3 of 2021/2022:

Transnet is required to report monthly on procurement undertaken through alternative methods, including contract variations and expansions, in accordance with Section 79 departure provisions and PFMA SCM Instruction Note No. 3 of 2021/2022. This includes mandatory disclosure of such transactions in the Integrated Report. In compliance with this requirement, Transnet reports a total of 196 procurement-by-other-means transactions and 172 contract variations and expansions. These have been submitted monthly to both National Treasury and the Auditor-General South Africa.

Due to the volume of transactions, the prescribed reporting format exceeds the space available in this report. However, full details of the individual transactions are provided in Appendix A.



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	Key objectives
- Climate risk and vulnerability assessment framework established; - Enhanced Scope 3 accounting by two new categories; and - Environmental non-compliance notices reduced by over 50%.	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	Key objectives
- Stakeholder Engagement Policy and Procedure implemented; - Regional forums and bargaining initiatives established; and - Community engagement on encroachment and safety awareness.	- 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



Achievements	Key objectives
- 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.	- 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



Achievements	Key objectives
- 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.	- 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



Achievements	Key objectives
10 Point Safety Plan implementation underway; - OBS security programme reduced incidents; and - Dust management SOPs implemented at ports and terminals.	- 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

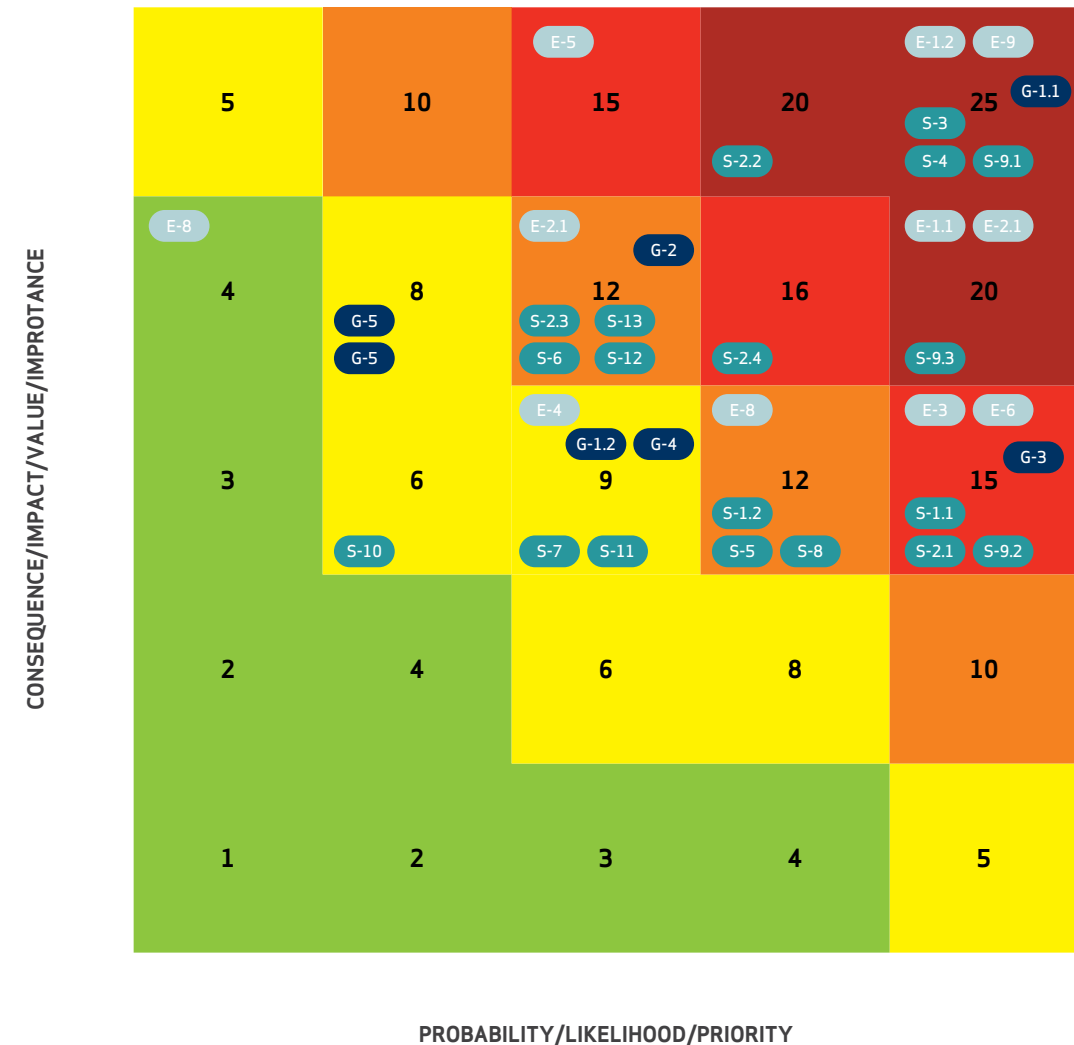
Upon completing the materiality assessment activity, all assessed ESG risks, impacts and opportunities are allocated a priority score ranging from low to extremely high. Material issues that score extremely high and high automatically form part of the ESG Integrated Report disclosures.

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:

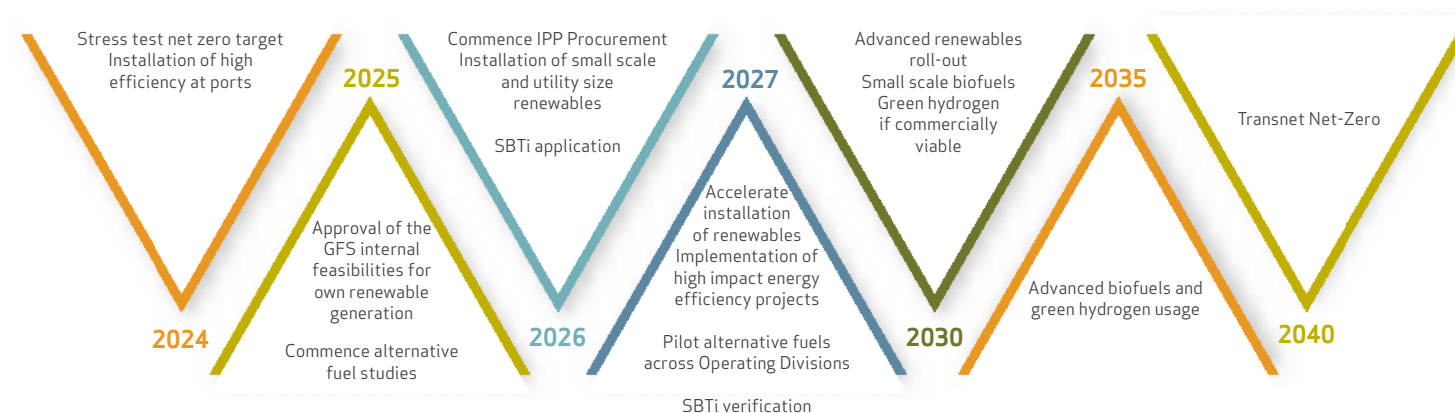
- Scope 1 emissions:** 15,9% of total emissions
- Scope 2 emissions:** 67,9%
- Scope 3 emissions:** 16,2% (with 5 of 15 categories now reported)

Combined Scope 1 and 2 emissions rose to 2,75 MtCO₂e, 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).

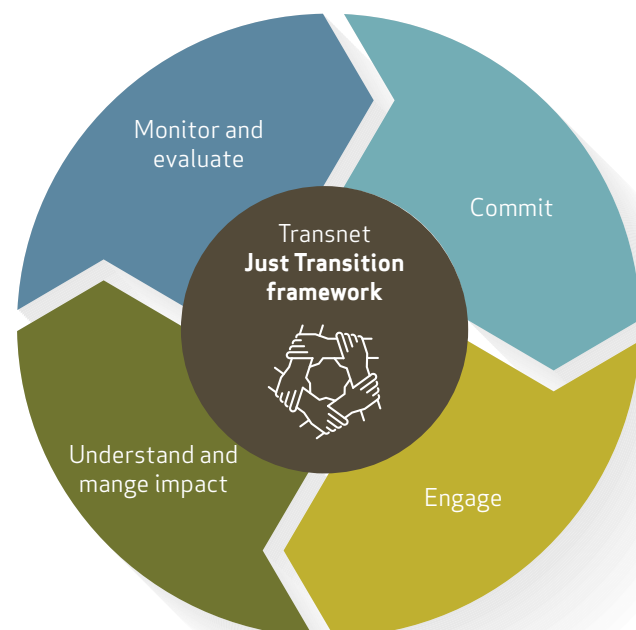
Scope 3

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.

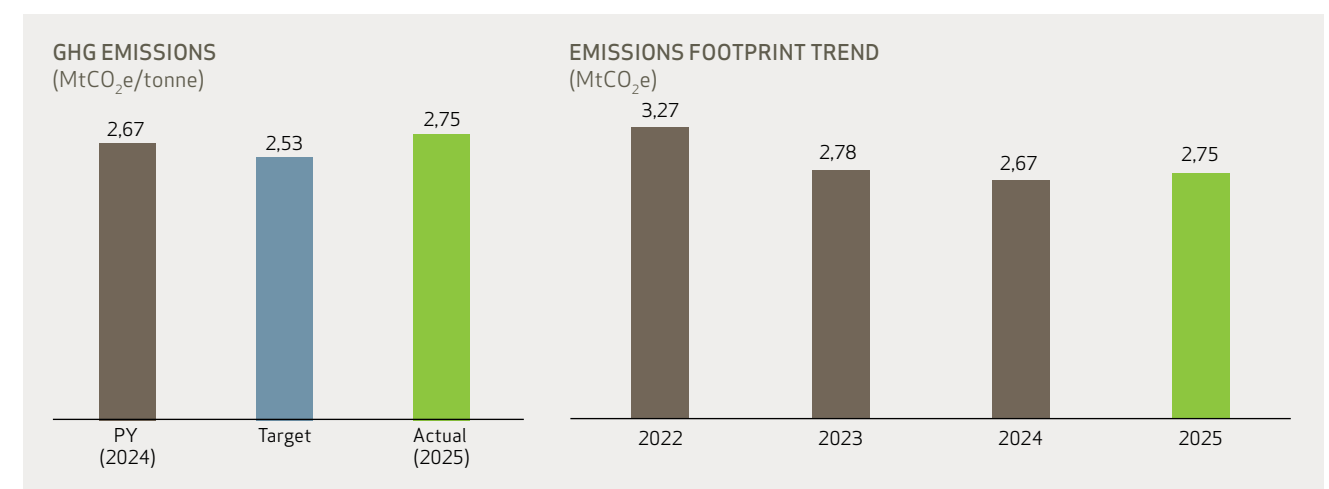
Geographic exposure: Coastal assets are exposed to floods and sea-level rise, while inland regions face heat and drought risks.

	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 MtCO₂e for 2024/25FY (2023/24FY: 2,67 MtCO₂e). 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

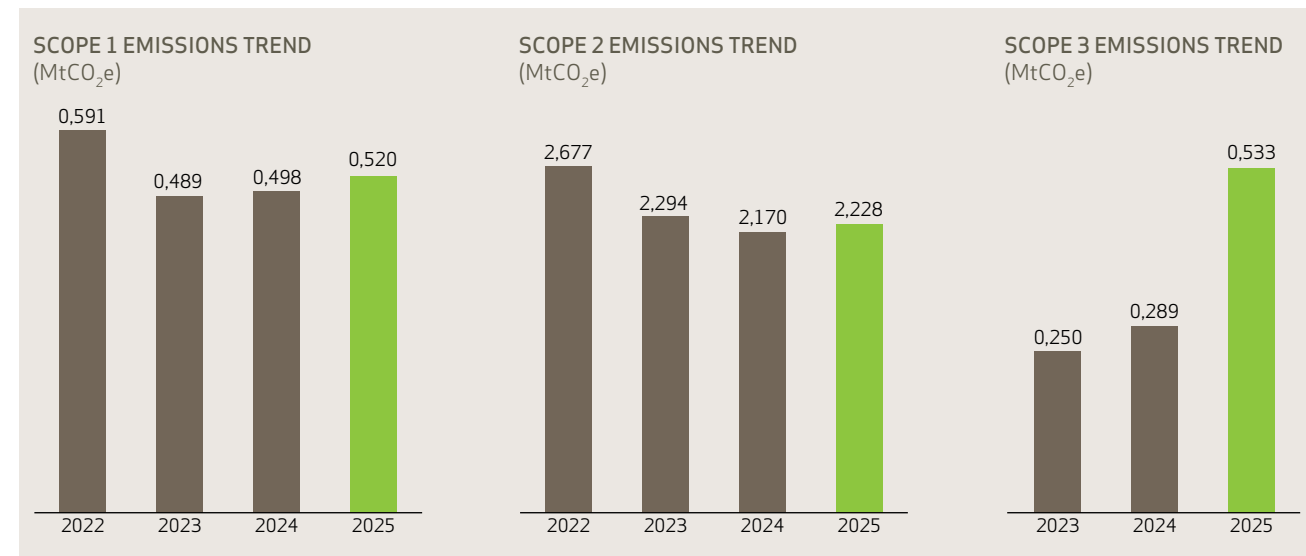
Scope 2 accounts for 67,91% of total emissions emanating from the consumption of electricity sourced from the national grid. This also highlights Transnet's dependency on South Africa's coal-based grid.

Scope 1 emissions account for 15,86% of total emissions, as Transnet relies on fuel for 49,44% of its energy requirements.

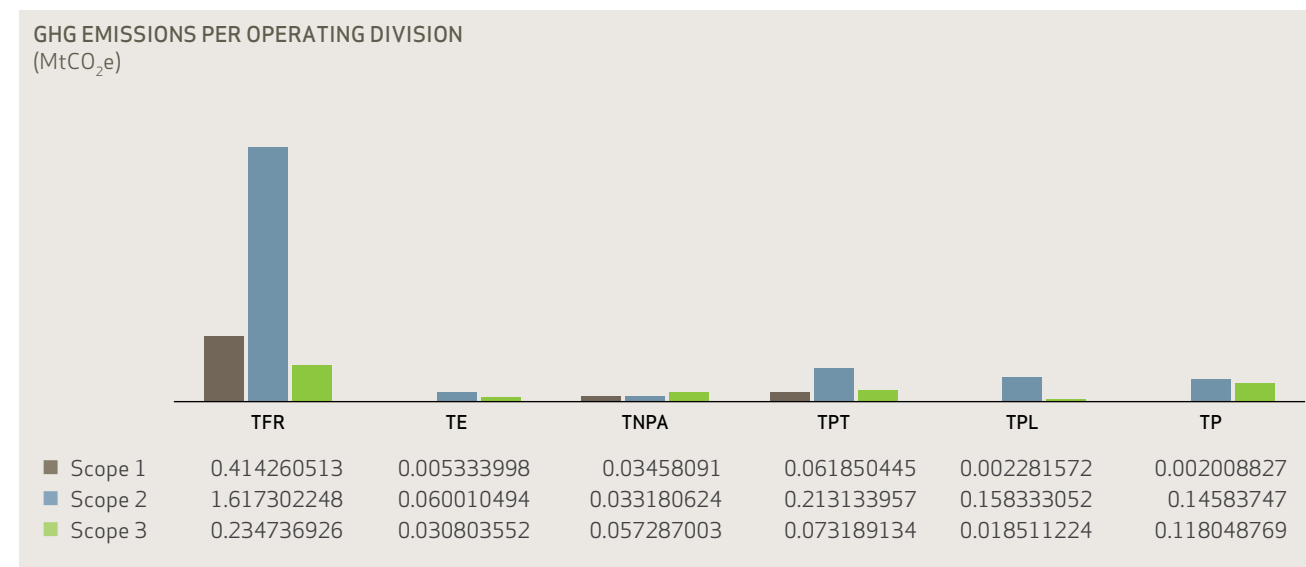
The remaining 16,23% of emissions are attributed to Scope 3. These are value chain emissions, where Transnet has limited control and influence. Transnet aims to improve its Scope 3 reporting continually and currently reports on five out of 15 categories.

Scope 3 emissions categories	Emissions (MtCO ₂ e)
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.

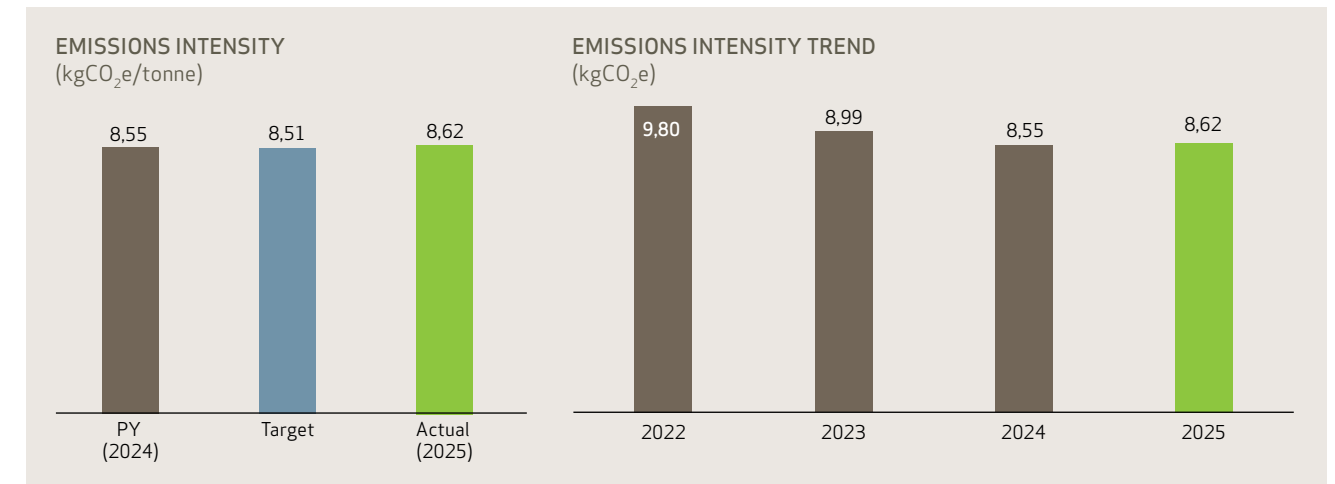


Freight Rail accounts for approximately 69,08% of Transnet's total emissions, followed by TPT accounting for 10,61%



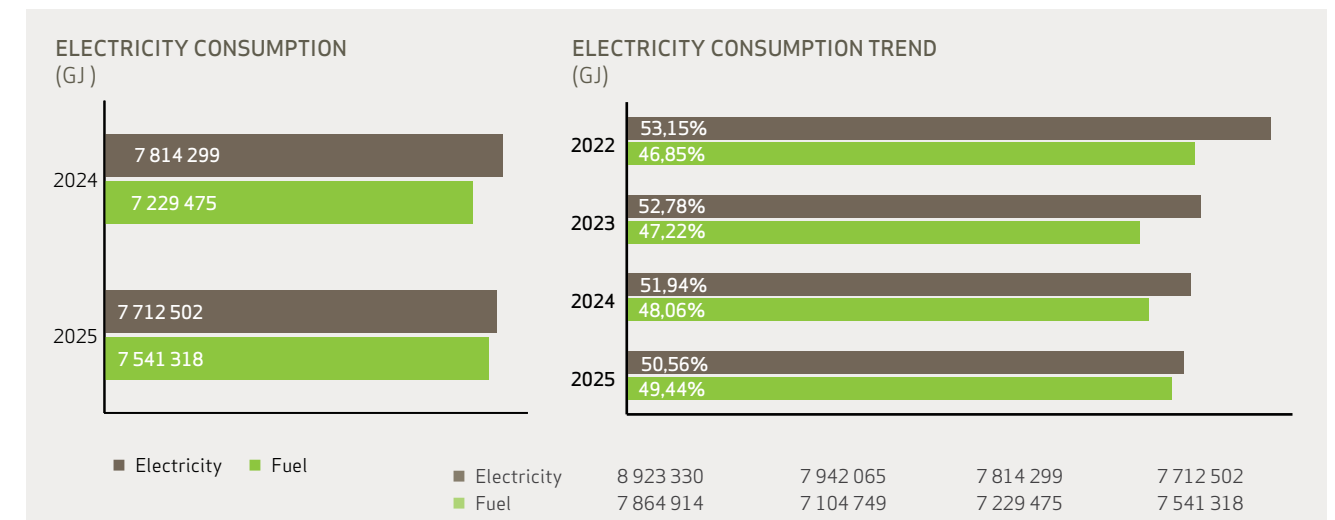
Carbon emissions intensity (kgCO₂e/tonne)

Transnet's total carbon emissions intensity was 8,62 kgCO₂e/tonne (2023/24FY: 8,55 kgCO₂e/tonne), a 1,36 % deviation against the set target of 8,55 kgCO₂e/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.

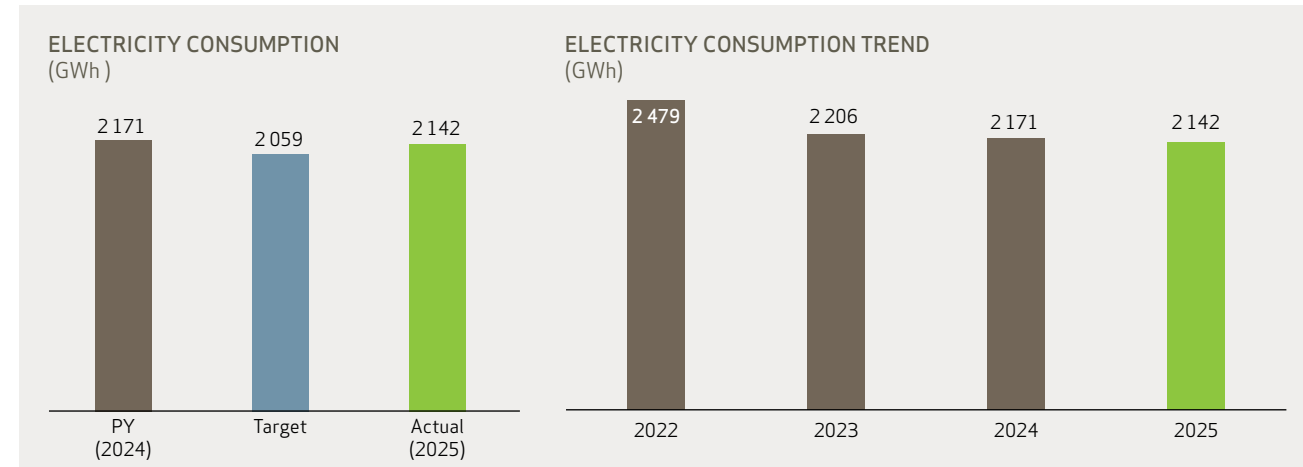
In 2024/25FY, this trend continued with the electricity vs fuel split at 50,56% vs. 49,44%. This represents a 1,38% year-on-year decline in electricity used and an increase in fuel consumption.



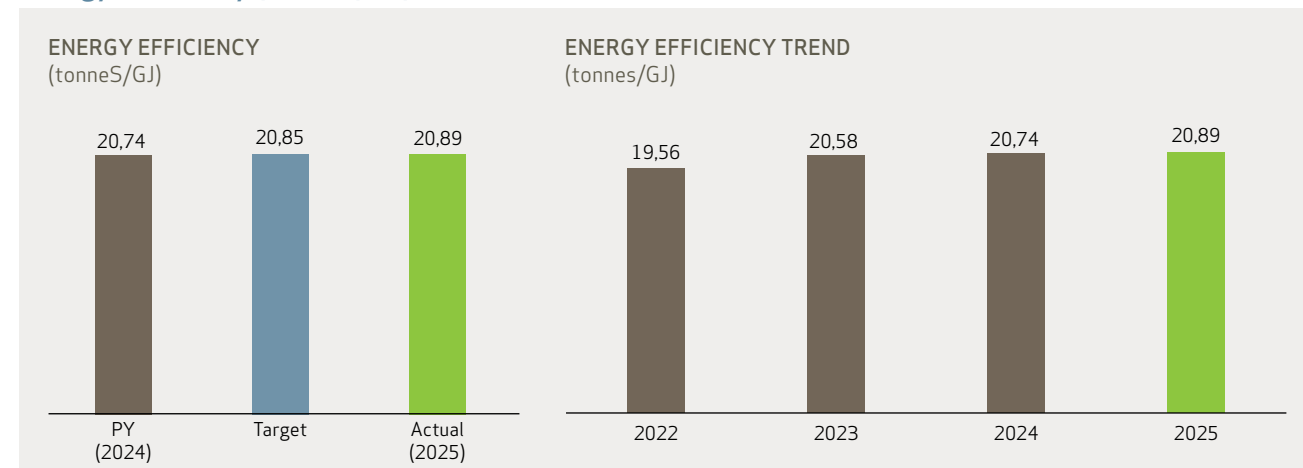
ENVIRONMENTAL PERFORMANCE continued

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%.



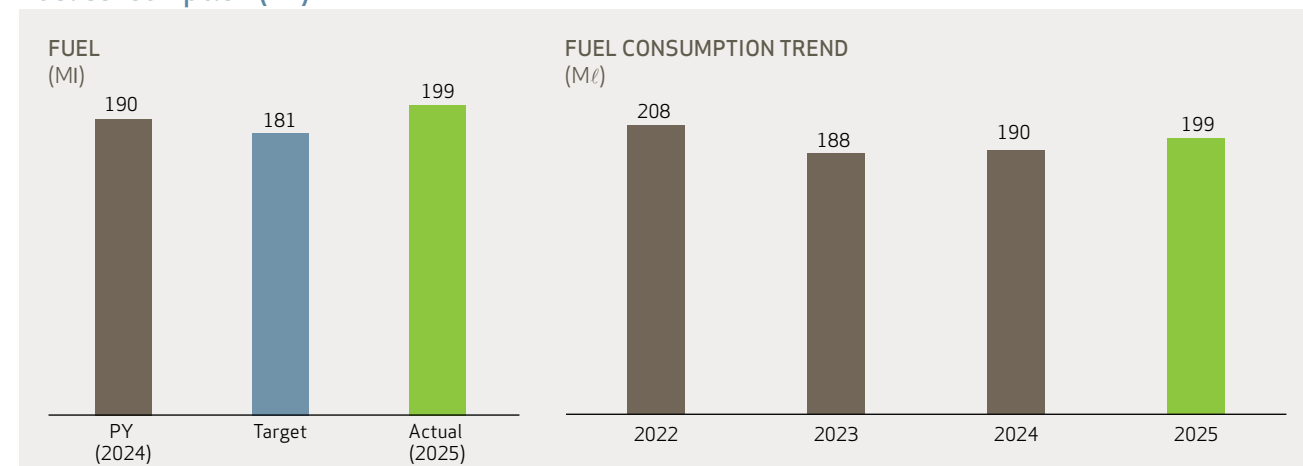
Energy efficiency (tonnes/GJ)



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 (MI)



This year, 199 MI of fuel were consumed (2023/24FY: 190 MI), 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 tCO₂e 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.

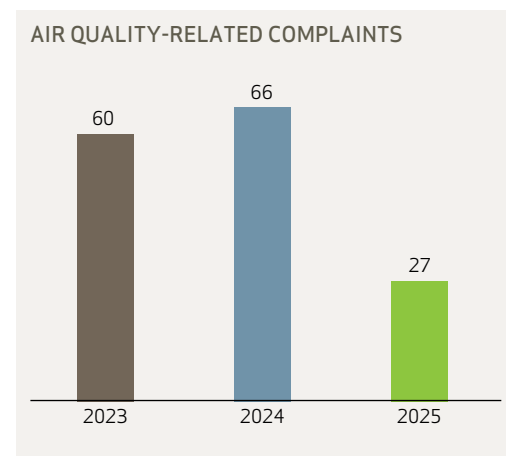
Dust emissions associated with bulk material handling have increased community complaints and threaten Transnet's social licence to operate. Non-compliance with Atmospheric Emissions Licence (AEL) conditions may result in the rejection of future expansion applications, stricter regulatory requirements, 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.



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.

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 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.

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 PM10¹ 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.



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 Orelane 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

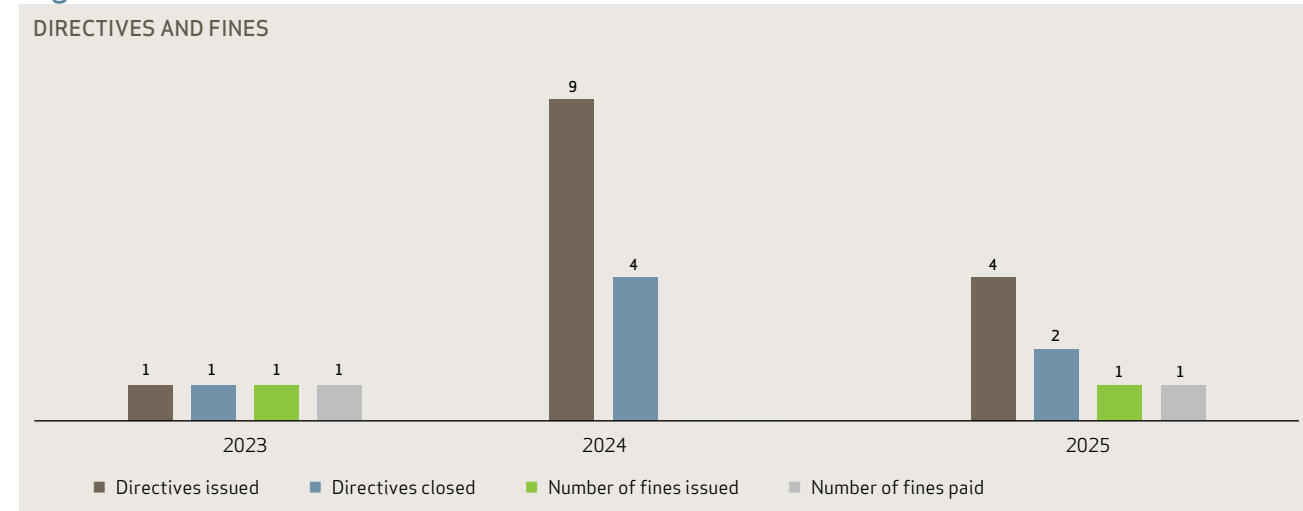
Environmental compliance is critical to safeguarding natural resources and communities' wellbeing while upholding Transnet's license to operate.

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.

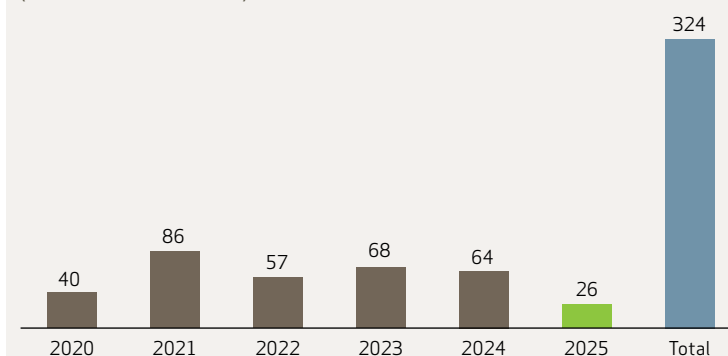
Legal contraventions



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.

TOTAL ENVIRONMENTAL INCIDENTS FROM 2019/20FY TO 2024/25FY (TPL and TFR combined)



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	Liquefied 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.

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Braamfontein

Johannesburg

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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

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Parkview

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South Africa

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AUDITORS

Auditor-General of South Africa

4 Daventry Street,

Lynnwood Bridge Office Park

Lynnwood Manor

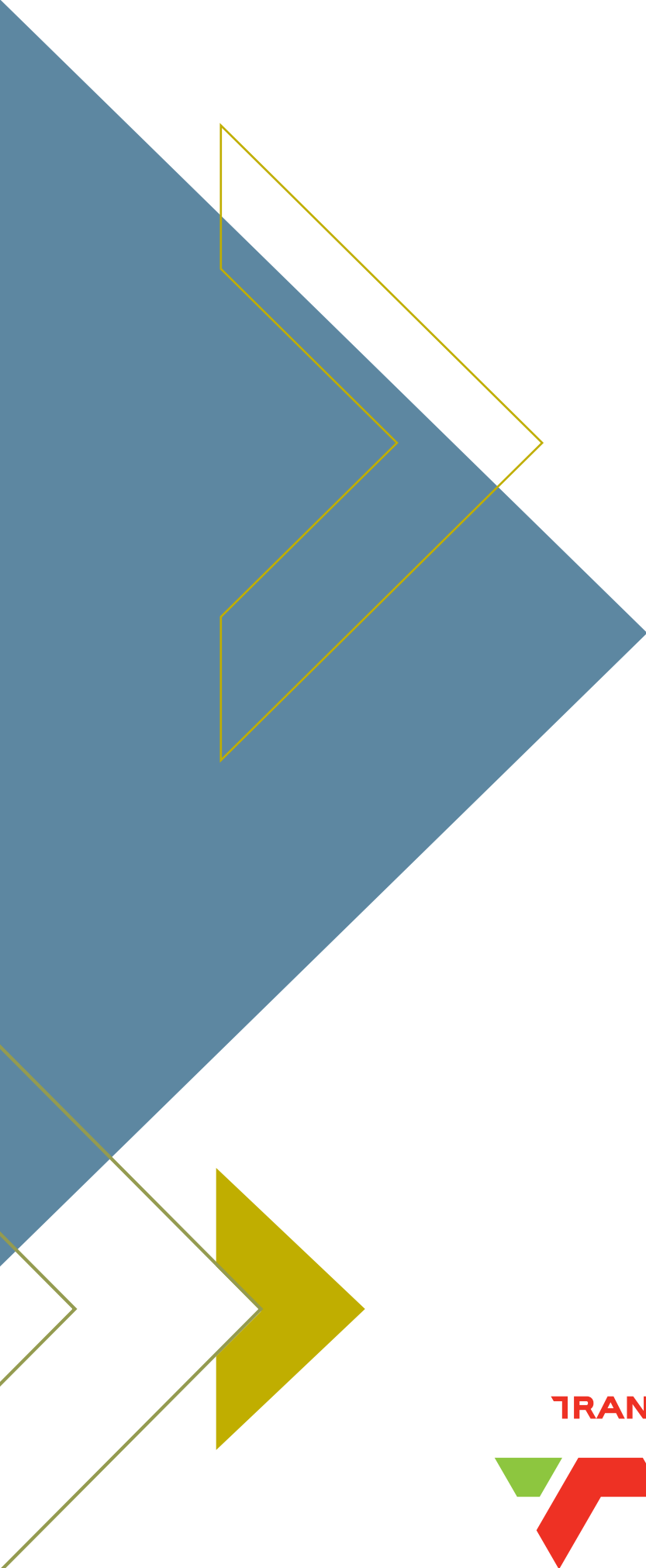
Pretoria, SA

Postal address

PO Box 446

Pretoria

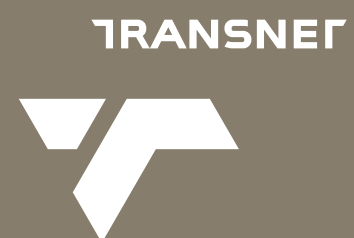
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ANNUAL FINANCIAL STATEMENTS 2025



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FORWARD-LOOKING INFORMATION

All references to forward-looking information and targets in the 2025 reports are extracted from the 2025/26 Transnet Corporate Plan and approved by the Board of Directors

FEEDBACK ON THIS REPORT

We welcome feedback on our 2025 Annual Financial Statements. Please provide written feedback to Kilford Gondo.

kilford.gondo@transnet.net

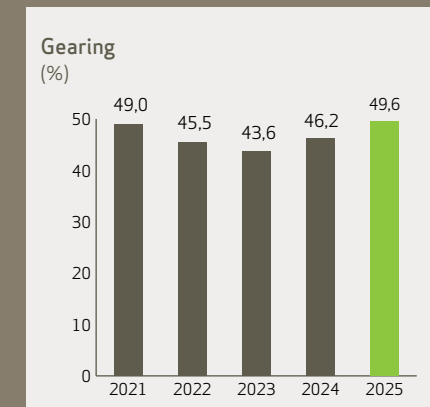
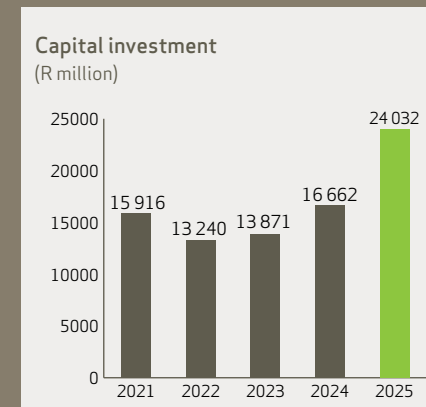
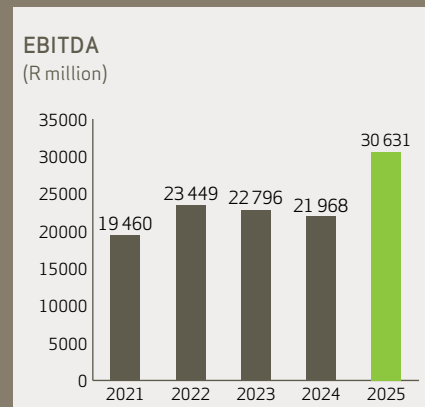


 **The 2025 Integrated Report** is the Company's primary report to all stakeholders.

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



PERFORMANCE HIGHLIGHTS



¹ Including working capital changes.

➤ **Revenue** increased by **7.8%** to R82,7 billion, in line with weighted average tariff increases throughout the business and increased rail volumes.

Loss for the year improved significantly by 74,0% to **R1,9 billion** (2024: R7,3 billion).

➤ **Capital investment** increased by **44,2%** to R24,0 billion for the year.

LTIFR performance of **0,77**, which is above the tolerance of 0,75.

Net operating expenses decreased by **4,9%** to R52,1 billion, due mainly to the reduction in third-party claims, partially offset by increased personnel, electricity, security and material costs.

Cash generated from operations after working capital changes decreased by **0,6%** to R28,6 billion.

Gearing of **49,6%** and **cash interest cover** (including working capital changes) at **1,8 times**.

Level 2 B-BBEE certification and spend of R35,5 billion or **105,7%**, of total measured procurement spend, as defined by DTIC codes.

EBITDA increased by **39,4%** to R30,6 billion, with the EBITDA margin increasing to 37,0%.

2,6% of **labour costs** spent on **training**, focusing on artisans, engineers, and technicians.



Approval of the annual financial statements
for the year ended 31 March 2025

Directors’ responsibilities

The Board of Directors (Board) is required by the Companies Act, No 71 of 2008 of South Africa (Companies Act) and the Public Finance Management Act, No 1 of 1999 (PFMA) to prepare annual financial statements which fairly present the state of affairs of Transnet SOC Ltd (Transnet or the Company) and its subsidiaries (the Group) as at the end of the financial year, as well as the profit or loss and cash flows of the Company and the Group for the financial year then ended.

- In preparing these annual financial statements, the directors are required to:
- Select suitable accounting policies and apply them consistently;
 - Make judgements and estimates that are reasonable and prudent;
 - State whether applicable accounting standards have been followed; and
 - Prepare the annual financial statements on the going-concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business for the foreseeable future.

The Board is responsible for the maintenance of adequate accounting records, maintenance of appropriate systems of internal control, as well as the preparation and integrity of the annual financial statements and related information.

Directors’ statements

The internal audit activities undertaken during the year are in accordance with the internal audit plan approved by the Audit Committee. Transnet internal audit has executed the internal audit plan during the year and has provided assurance to the Board as to the state of the internal controls of the Company. Their assessment of the internal controls of the Company is included in the Audit Committee report.

The Audit Committee has evaluated the Company and Group annual financial statements and has recommended their approval to the Board. In preparing the Company and Group annual financial statements, the Company and the Group have complied with International Financial Reporting Standards (IFRS) and the Companies Act. In addition, the Group has complied with the reporting requirements of the PFMA, as set out in the report of the directors on pages 27 and 28. The Group has used appropriate accounting policies supported by reasonable and prudent judgements and estimates. Judgements and estimates made in the application of IFRS, that have a significant impact on the annual financial statements, are disclosed where applicable in the accounting policies and notes to the annual financial statements.

The Board has every reason to believe that the Company and Group have adequate resources and facilities in place to be able to continue in operation for the foreseeable future. Therefore, the Board is satisfied that Transnet is a going concern and has continued to adopt the going concern basis in preparing the annual financial statements.

The external auditors, the AGSA, are responsible for independently auditing and reporting on the annual financial statements in conformity with International Standards on Auditing (ISA). Their audit report on the annual financial statements, prepared in terms of the Public Audit Act of South Africa, No 25 of 2004, appears on pages 6 to 19.

The Board is of the opinion that the Company and the Group have complied with applicable laws and regulations except as disclosed in the report of the directors as set out on pages 27 and 28.

The Board is of the opinion that these annual financial statements fairly present the financial position of the Company and the Group as at 31 March 2025, and the results of their operations and cash flow information for the year then ended. The annual financial statements have been prepared under the supervision of the Group Chief Executive.

Statement in terms of Article 3(2)(c) of the
Transparency Law of 2008

Management declares that, to the best of their knowledge, the consolidated and separate annual financial statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of Transnet. The 31 March 2025 annual financial statements and integrated report includes a fair review of the development and performance of the business and the position of Transnet, together with a description of the principal risks and uncertainties that Transnet faces.



A Sangqu
Chairperson



MJ Phillips
Group Chief Executive



RNM Maphumulo
Group Chief Financial Officer

28 August 2025
Johannesburg

Group Company Secretary certificate
for the year ended 31 March 2025

I hereby certify that the Company has filed all such returns and notices for the year ended 31 March 2025 with the Companies and Intellectual Property Commission, as required in terms of section 88(2)(e) of the Companies Act, and that all such returns are true, correct and up to date.



S Bopape
Group Company Secretary

28 August 2025
Johannesburg

Report of the auditor-general to Parliament on Transnet SOC Limited

for the year ended 31 March 2025

Report on the audit of the consolidated and separate financial statements

Opinion

I have audited the consolidated and separate financial statements of Transnet SOC Limited (Transnet) and its subsidiaries (the Group) set out on pages 34 to 128, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate income statement and statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as to the notes to the consolidated and separate financial statements, including material accounting policy information.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2025 and the consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) Accounting standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.

I am independent of the Group in accordance with the *International Ethics Standards Board for Accountants’ International Code of ethics for Professional Accountants (including International*

Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

In terms of the Independent Regulatory Board for Auditors Rule on Enhanced Auditor Reporting (EAR) for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), I report:

Final materiality

The scope of our audit was influenced by my application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

My determination of materiality is a matter of professional judgement and is affected by my perception and understanding of the financial information needs of intended users, which are the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped to determine the scope of the audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Based on my professional judgement, I determined final materiality for the consolidated and separate financial statements as follows:

Materiality considerations	Consolidated and separate financial statements
Final materiality amount	R826 000 000.
Basis for determining materiality	1% of total revenue, as disclosed in the income statement and in note 1 of the financial statements.
Rationale for benchmark applied	Revenue was selected as the benchmark for materiality in accordance with ISA 320, as it best reflects the entity's scale and economic activity relevant to users of the financial statements.

Group audit scope

I tailored the scope of the audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group and the accounting processes and controls.

I considered the Group’s structure and risk assessment when identifying components for purposes of planning and performing audit procedures. The Group comprises of eight components.

In determining which components would be subject to audit procedures, I assessed their significance to the Group based on size and risk. All eight components were deemed significant, and full scope audit procedures were performed on each.

Material uncertainty related to going concern

I draw attention to the matters below. My opinion is not modified in respect of these matters.

I draw attention to note 39 of the consolidated and separate financial statements, which highlights several indicators of material uncertainty regarding the Group’s ability to continue as a going concern. These include a net loss of R1,9 billion, a net current liability position of R65,2 billion, covenant breaches on the cash interest cover and other breaches following credit rating downgrades by S&P Global Ratings and Moody’s Ratings, and ongoing operational challenges at Freight Rail. Post year-end, government guarantees of R145,8 billion were received, but increased borrowings, litigation exposure, and legislative uncertainty around Transnet National Port Authority (TNPA) corporatisation persist. Despite the recovery plan, several targets remain unmet.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the entity’s ability to continue as a going concern.

In auditing the financial statements, I concluded that the Group’s use of the going concern basis of accounting is appropriate. My evaluation of the public entity’s ability to continue as a going concern included performing risk assessment procedures to evaluate the appropriateness of the going concern assumption, obtaining an understanding of management’s assessment process, and reviewing the cash flow forecasts and the approved budget. I also assessed the reasonableness of key assumptions, methods, and underlying data, and verified the accuracy and completeness of forecast calculations.

Additionally, I reviewed loan agreements to confirm covenant terms and definitions, independently recalculated financial ratios to assess covenant compliance, and considered the impact of credit rating downgrades on the entity’s financial position. Furthermore, I reviewed management’s recovery plan to assess progress against targets and evaluated the adequacy of related disclosures in accordance with the applicable financial reporting framework.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements for the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming our opinion, and I do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty related to going concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

In terms of the EAR Rule, I am required to also report the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below:

Key audit matter	How the matter was addressed in the audit
Revaluation of port facilities	
Port facilities are measured at revalued amounts as set out in the accounting policy and in note 9 of the annual financial statements which, is consistent with IAS 16 <i>Property, plant and equipment</i>. The port facilities consist of port infrastructure and operating assets. The Group applies the valuation techniques noted below in revaluing these assets: • Depreciated optimised replacement cost (DORC); and • Discounted cash flows (DCF). Port infrastructure assets The DCF methodology was considered by management as the most appropriate method to measure the fair value of port infrastructure assets. The DORC model is used every three years to test the reasonability of the fair value determined by applying the DCF model. As disclosed in note 9, the DCF method resulted in a decrease of R388 million (2024: R1,05 billion) to the fair value as at 31 March 2025, Management has been consistent in the use of the DCF method as the most appropriate method to reflect the fair value of port infrastructure assets year on year.	My audit procedures included the following on the significant management assumptions used in the DCF model: Port infrastructure assets • I appointed an independent and competent valuation expert to assess the integrity of the DCF model, including its alignment with industry norms and acceptable valuation methodologies. The model was found to be consistent with these standards. • I assessed and confirmed the expert’s competence, experience, qualifications and independence. • For future cash flows, I evaluated key components such as revenue, operating expenses, and capital expenditure. This included obtaining a detailed understanding of the budgeting process and comparing actual results to forecasts, approved budgets, and corporate plans. • I assessed the reasonableness of volume growth and tariff increases, operating expense trends against economic indicators, and regulator-communicated tariffs. I also considered sustaining capital expenditure, port infrastructure capacity, historical trends, and industry outlook. Management was required to adjust volume projections to account for unsystematic risks, which was done appropriately. • Regarding the discount rate (WACC), I engaged an expert to assess its reasonableness. The expert identified consistencies in inflation assumptions used in the WACC calculation.

Report of the auditor-general to Parliament on Transnet SOC Limited

for the year ended 31 March 2025

Key audit matter	How the matter was addressed in the audit
Revaluation of port facilities continued	
Management's estimates, as they relate to future cash flows and the discount rate, include significant judgements and assumptions related to: • volumes that are based on management's corporate plan; • rebased tariffs that are based on approved tariffs from the regulator; • estimates of sustaining and operating expenditure that are based on management's corporate plan; • inflation rate; • gross domestic product (GDP) growth rate; • projection of cash flows beyond the foreseeable future; and • prevailing after tax weighted average cost of capital (WACC) rate. There is a high level of estimation and uncertainty regarding the revaluation of the port infrastructure assets, and this was assessed to be a key audit matter. As a result, I have spent significant audit effort, including the time spent by senior members of the audit team, in auditing the valuation performed and the reasonableness of conclusions reached, and revaluation adjustments processed. Port operating assets As disclosed in note 9, an index valuation was applied to port operating assets and resulted in an increase of R473 million (2024: R45,5 million increase) in the carrying value of the port operating assets. Due to the variables used in the models, which are complex and subjective, with a high degree of judgement, the revaluation of port operating assets was assessed to be a key audit matter. There is a high level of estimation and uncertainty regarding the revaluation of the port operating assets. As a result, I have spent significant audit effort, including the time spent by senior members of the audit team, in auditing the valuation performed and the reasonableness of conclusions reached, and fair value adjustments processed.	• I performed a reasonability test on the WACC, confirming it fell within the acceptable range as determined by the auditor's expert. • I evaluated the overall fair value movement and found the percentage change to be unreasonable. Material adjustments were processed by management to ensure the revaluation of port infrastructure assets was appropriate. • I assessed the valuation methodology and related disclosures, taking into account the condition of the underlying assets. Based on the procedures performed, I concluded that management's valuation was consistent with IFRS 13 <i>Fair value measurement</i> and IAS 16 <i>Property, plant and equipment</i>. Port operating assets During the financial year, the index valuation was used in March 2025, as per the accounting policy to determine the fair value of property, plant and equipment (PPE). • The conditional assessment of the assets was performed internally by management and the valuation of the assets was performed by the valuation experts appointed by management. • I assessed and confirmed the valuation experts' competence, experience, qualifications and independence. • I assessed the inputs to the valuation technique performed where the cost approach was utilised as a method of valuation. The depreciated replacement cost (DRC) was determined using the direct cost approach and indirect cost approach (index approach). With the indirect cost approach, the DRC was developed through application of indices. • I assessed the completeness and adequacy of the data to confirm whether all the aspects of port operating assets had been considered, the appropriateness of the assumptions used and whether these are in line with industry practice, to conclude on the "highest and best use" of the assets in accordance with IFRS 13 <i>Fair value measurement</i>, considering the condition of the underlying assets. • In March 2025, an annual verification and conditional assessment was performed by management and was factored in during the revaluation of the port operating assets. • I assessed whether the presentation of and disclosures in the financial statements, including material accounting policies are appropriate and in accordance with IFRS 13 <i>Fair value measurement</i> and IAS 16 <i>Property, plant and equipment</i>. I did not identify material discrepancies in management's judgements and conclusions.

Key audit matter	How the matter was addressed in the audit
Revaluation of rail infrastructure assets	
Rail Infrastructure is measured at revalued amounts as set out in the accounting policy and in note 9 of the annual financial statements which is consistent with IAS 16 <i>Property, plant and equipment</i>. The Group applies the valuation methods noted below in revaluing infrastructure assets: • DORC; and • DCF. The DCF methodology was considered by management as the most appropriate method to measure the fair value of rail infrastructure assets. The DORC model is used every three years to test the reasonability of fair value determined by applying the DCF model. The DORC method was not used in the current financial period. The DORC valuation scheduled for the 2025 financial year was not completed due to procurement delays and ongoing negotiations with the appointed service provider. Management is satisfied that the carrying value of infrastructure assets will not be impacted by this delay due to the point in range valuation approach adopted in terms of the revaluation accounting policy. The updated DORC valuation is expected to be completed during the 2026 financial year. As disclosed in note 9, the DCF method resulted in a rail infrastructure devaluation of R2,2 billion (2024: devaluation of R4,0 billion) at 31 March 2025. Management has been consistent in the use of the DCF method as the most appropriate method to reflect the fair value of rail infrastructure assets year on year. The DCF calculation was determined at a cash-generating unit (CGU) level by management to calculate the fair values of the rail infrastructure assets. The DCF model involves the discounting of future cash flow forecasts applicable to the Transnet Freight Rail division at the prevailing after tax WACC rate. This entails the use of key assumptions in determining projected revenues, capital growth, volume growth factor, consumer price index and other variables in determining the future cash flow forecasts to be discounted. Management's estimates, as they relate to future cash flows and the discount rate, include significant judgements and assumptions related to: • rail volumes that are based on management's corporate plans; • rebased rail tariffs that are based on management's corporate plans; • estimates of sustaining and operating expenditure that are based on management's corporate plans; • inflation rate; • GDP growth rate; • projection of cash flows beyond the foreseeable future; and • prevailing after tax WACC rate. The revaluation of the rail infrastructure assets is subject to a high level of estimation and uncertainty. Due to the increased risk provided by the estimates and inputs used in the DCF model to revalue the rail infrastructure assets, the revaluation of the infrastructure required the use of audit experts and senior audit team members to obtain reasonable assurance regarding the reasonability of the assumptions used in determining rail infrastructure fair value and the conclusion reached, including the revaluation adjustments processed. The revaluation adjustment is material and contributes significantly to the carrying value of the rail infrastructure assets and the component is assessed as a significant risk area. The DCF model is highly sensitive such that the 1% variation in the assumptions in determining the cash flows, WACC and the terminal value significantly affects the overall DCF value.	I performed the following procedures, on the significant management assumptions used in the DCF model: • I appointed independent and competent valuation experts to assess the integrity of the DCF model, which included assessing the appropriateness of the DCF valuation model used by management, by comparing the model to industry norms and acceptable valuation methodologies. The DCF model assumptions are consistent with the industry norms and practices, and it is an acceptable method of valuing the assets. • I assessed the independent valuation experts' competence, experience, qualifications and independence. • I performed the comparison of the current year and prior-year DCF calculations to evaluate changes in assumptions and estimates applied. Based on the work performed, I found that management assumptions and estimates applied in the current year were consistent to the prior year. • I benchmarked management's significant assumptions related to economic factors such as forecasted GDP rates and inflation rates, used in the calculations against independent third-party data. Regarding the work performed, management assumptions are acceptable as appropriate. • I assessed the unsystematic risk premium for management initiatives not materialising to achieve the projected cash flows in the medium and long-term period. • I assessed the reasonableness of the tariff increases against the agreed long-term contracts with customers and inflation rates. I found that the rebased tariff increases are reasonable and supported by reliable information. • I assessed the current capacity of the infrastructure networks, projected future sustainable capital expenditure to maintain the current capacity, taking account maintenance backlog and the terminal growth rate to achieve the current network capacity. • I assessed the forecasted growth in volumes to ensure that it is limited to current capacity, based on currently available rolling stock and rail infrastructure network assets. • I recalculated the WACC, considering the independently obtained data to ensure that the discount rates are within the acceptable range. • I assessed and evaluated management's basis for the assumptions used. For the planning process, I compared the previous year's corporate plans to the actuals for the same year in order to determine the reasonableness of future projected periods. • I assessed the appropriateness of management's basis of applying a single CGU model amid the legislative developments, which resulted in the accounting split between Transnet Rail Infrastructure Management (TRIM) and Transnet Freight Rail Operating Company (TFROC), including the extent of unsystematic risk premium applied to the future cash flows. I found that management risk adjustments were sufficient and reasonable. • I assessed whether the presentation and disclosures in the financial statements, including material accounting policies is appropriate and in accordance with IFRS 13 <i>Fair value measurement</i> and IAS 16 <i>Property, plant and equipment</i>. The matters communicated above were considered to be of most significance in the audit of the financial statements of the current period. Material adjustments were identified during the audit and have been appropriately processed by management. Accordingly, there are no unresolved material issues in respect of these matters as presented in the financial statements.

Report of the auditor-general to Parliament on Transnet SOC Limited

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Key audit matter	How the matter was addressed in the audit
Valuation of investment property	
Transnet investment property is measured using the fair value model as set out in the accounting policy and in note 10 of the annual financial statements, which is consistent with IAS 40 <i>Investment property</i>. The fair value of the Group's investment properties was valued at R32,3 billion as at 31 March 2025 (March 2024: R30,8 billion). There was a movement of R1,9 billion relating to fair value adjustments recognised in the income statement and transfers from PPE. The fair value of TNPA's investment property at 31 March 2025 was arrived at on the basis of valuations carried out at that date by independent external property valuers. The fair value was derived by DCF method, whereas, in the prior year, the fair value was derived by capitalising the normalised net annual income at market derived capitalisation rates, which are adjusted where appropriate, to reflect the risk profile of each individual property. The key inputs into the fair value model, which are subject to significant management estimates, include market rentals, market yields, vacancy rates, the creditworthiness of tenants, as well as discount and capitalisation rates used in the DCFs. Unsubstantiated assumptions and estimates could give rise to a material misstatement. Management is required to make several significant assumptions and judgements in determining the fair value; therefore, the component has been assessed as a significant risk. There is a high level of estimation and uncertainty regarding the valuation of investment properties. In response to the significant risk assessment, assigned senior members of the audit team, to audit the valuation performed and assess the reasonability of the conclusions reached by the experts and the fair value adjustments, which have been processed.	My audit procedures included the following: • I obtained and documented an understanding of relevant controls in relation to the valuation process. • I appointed independent experts who discussed and challenged key inputs and assumptions with management experts/valuers and management with reference to independent market data. • I assessed and confirmed the independent valuation experts' competence, experience, qualifications and independence. • I reviewed the valuation reports for the properties valued by the independent external valuation experts and confirmed that the valuation approach was in accordance with IFRS and suitable for use in determining the fair value for the purpose of the consolidated and separate financial statements. • I confirmed that the valuation approach used by management was appropriate for the determination of fair value in the consolidated and separate financial statements. In addition, I satisfied myself that the techniques used by the independent experts and management have been applied consistently. I agreed to a sample of investment property fair values, valued by the independent valuation experts, to the underlying independent valuation expert reports. I tested the key assumptions used in determining fair value in respect of both the independent experts' valuation and the valuation performed by management as follows: – Confirmed the rental income used in forecasts to the underlying tenant contracts for reasonability; and – Assessed the reasonability of the discount and capitalisation rates used to available industry data for similar investment properties. I assessed the reasonableness and accuracy of the apportionment between owner-occupied properties and those leased to external parties. I concluded that the apportionment is reasonable and accurate. I assessed and confirmed the presentation of and disclosures in the financial statements, including material accounting policies are appropriate and in accordance with IFRS 13 <i>Fair value measurement</i> and IAS 40 <i>Investment property</i>. I did not identify material discrepancies in management's judgements and conclusions.
Valuation of pipeline network assets	
Pipeline network assets are measured at revalued amounts as set in the accounting policy, which is consistent with IAS 16 <i>Property, plant and equipment</i>. Formal revaluations are performed every three years by independent professional valuation experts and indices are applied in the intervening periods by independent experts where appropriate, such that the carrying value does not differ materially from that which would be determined using fair values at the end of the reporting period. The Group applies the following valuation techniques in revaluing its assets: • DRC; and • DCF.	During the financial year, the index valuation was used in March 2025 as per the accounting policy to determine the fair value of PPE. I performed the following procedures, especially on the significant management assumptions used in the DRC model and revaluation: • I reviewed the DRC methodology used in the valuation of pipeline assets reported at 31 March 2025 and noted that it was academic and reasonable. • I reviewed the assumptions on cost for replacing the pipeline network assets as if new, at prices applicable at the valuation date, inclusive of professional fees and installation costs for reasonability. These were found to be reasonable. • I assessed the inputs to the valuation technique performed where the carrying book value of the assets was multiplied by the index factor and confirmed that these inputs were fair and reasonable in determining the current replacement cost.

Key audit matter	How the matter was addressed in the audit
Valuation of pipeline network assets continued	
For the financial year ended 31 March 2025, an index valuation was performed using DRC for all assets. The revaluation using the DRC model amounted to R37,1 billion. Management assesses the reasonableness of the fair values determined using different methods as above and selects the point within the range that is most representative of the fair value of the assets in the circumstances. The point in range that is most appropriate to reflect the fair value of pipeline network assets is the DRC for older pipeline network assets and the net book value for the new pipeline assets, resulting in fair value of R37,1 billion (2024: R37,4 billion) for all assets. The DCF method was performed as a reasonability test and resulted in a fair value of R39,8 billion at 31 March 2025 for all assets (2024: R40,9 billion). The DRC valuation was considered the most appropriate method to reflect the fair values of older pipeline assets. The valuation of the old pipeline network resulted in a net increase of R195 million (2024: R264 million net decrease) to the carrying value of the old pipeline assets. The new pipeline network assets remained at carrying value as per the point of range methodology. The matter was assessed as key due to the significant risk in relation to the significant assumptions and judgements applied in the consideration of factors impacting the fair value. There is a high level of estimation and uncertainty regarding the valuation of pipeline network assets. In response to the significant risk assessment, I allocated extensive resources, including the time spent by senior members of the audit team, in auditing the valuation performed and assess the reasonability of the conclusions reached by the experts and the fair value adjustments, which have been processed.	• I satisfied myself with the reasonability of depreciation assumptions based on industry norms for similar operations. The current operations of Transnet Pipelines (TPL) are of an established nature with most of its installations being similar to operators on a national and international level. • I reviewed the valuation reports for the pipeline network assets valued by management's independent external valuation experts and confirmed that the valuation approach was in accordance with IFRS 13 and suitable for use in determining the fair value for the purpose of the financial statements. • I assessed the factors used by management in selecting the midpoint within the range that is most representative of the fair value of the assets and found them to be reasonable within the circumstances and nature of pipeline network assets. • I assessed the working condition of the assets and compared its performance to prior year and confirmed that the assets are in working condition and no indicators of obsolescence exist. I confirmed that management's annual useful life assessment included all pipeline assets and did not identify any inconsistencies. • I assessed whether the presentation of and disclosures in the financial statements, including material accounting policies are appropriate and in accordance with IFRS 13 <i>Fair value measurement</i> and IAS 16 <i>Property, plant and equipment</i>. I did not identify material discrepancies in management judgements and conclusions in the DRC methodology and index valuation calculations.
Valuation of derivative financial assets and financial liabilities	
Transnet has domestic and foreign-denominated loans and bonds and is exposed to fluctuations in exchange rates and interest rates. To hedge against this risk, Transnet has entered into cross-currency swaps and interest rate swaps. In line with IFRS 9, Transnet has elected to apply hedge accounting, designating these derivative contracts as hedging instruments in a cash flow hedging relationship. The derivative financial assets and liabilities, disclosed in note 14, are measured at fair value with the resulting gains or losses recognised in profit or loss or other comprehensive income. The financial risks associated with the above-mentioned instruments are disclosed in note 36. The determination of fair values for these financial instruments involves complex and significant assumptions, requiring substantial management judgement. The auditing of Transnet's financial instruments, considering both the fair valuation under IFRS 13 and hedge accounting under IFRS 9, is complex and requires significant judgement and expertise. As a result, I have spent significant audit effort, including the time spent by senior members of the audit team, in auditing the valuation performed and the reasonableness of conclusions reached.	In evaluating the valuation of derivative financial assets and financial liabilities, my audit procedures performed included the following: • I obtained an understanding of the Group's processes to estimate the fair values of hedging instruments. • I assessed and confirmed the independent valuation experts' competence, experience, qualifications and independence. • With the assistance of an independent and competent actuarial expert, I assessed management's assumptions, inputs, data, basis-adjusted curves and non-adjusted curves on the valuation of the hypos and instruments. • I reviewed management's prepared IFRS 9 hedge effectiveness tests as at the valuation date for the instrument and the hypo for the base, as well as the six prospective scenarios to assess reasonability and accuracy of the hedge effectiveness of the derivatives. • I assessed the adequacy and completeness of disclosures in the annual financial statements in terms of the IFRS 7 <i>Financial instruments disclosure</i>. I considered the Group's hedging instruments fair valuations and disclosures thereof to be appropriate and in accordance with IFRS 13, IFRS 9 and IFRS 7.

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Key audit matter	How the matter was addressed in the audit
Valuation of decommissioning and environmental liabilities	
Transnet’s decommissioning and environmental liabilities, as disclosed in note 25, are valued at R5,9 billion as at 31 March 2025 (2024: R6,1 billion). The provisions include significant judgement as they are calculated and recognised using the best estimate of the cost to rehabilitate the land. The costs to rehabilitate may change from year to year, taking into account the natural rehabilitation of the soil due to weather conditions, new techniques and know-how in rehabilitating affected sites, estimated risks and uncertainties surrounding the obligation and the time value of money. The assumptions are impacted by future activities and the legislative environment in which the public entity operates which results in a high level of estimation uncertainty. The decommissioning and environmental provisions are also affected by changes in the estimated date on which the rehabilitation will be depending on the rehabilitation option chosen by management. Management is required to make a number of significant assumptions and judgements in determining the rehabilitation costs as noted above and therefore I have identified this as a significant risk. Given the inherent uncertainties and the significant carrying amount of these provisions, the estimation of environmental provisions is considered a key audit matter. There is a high level of estimation uncertainty regarding the valuation of decommissioning and environmental liabilities. As a result, I have spent significant audit effort, including the time spent by senior members of the audit team, in auditing the valuation performed and the reasonableness of conclusions reached, and fair value adjustments processed.	In evaluating the valuation of decommissioning and environmental liabilities: • I obtained and documented an understanding of relevant processes and controls in relation to the provision process. • I appointed an expert to assist in auditing the integrity of the underlying models, discussed and challenged key inputs and assumptions with management expert/valuers and management with reference to independent data. • I assessed the independent experts’ competence, experience, qualifications and independence. • I identified the cost assumptions that have the most significant impact on the provisions and tested the appropriateness of these assumptions. I also used my experts to evaluate the reasonableness of the discount rate applied to the provisions. • I verified the completeness of the data by comparing it with work performed on property plant and equipment, testing specifically on assets where site restoration would be required and specific lines where hazardous material is railed. • I assessed whether decommissioning and environmental provision movements should be expensed or capitalised by understanding the reason for the change and by comparing the movement with the carrying amount of the related asset. • I confirmed that the approach used by management was appropriate to determine the provision in the consolidated and separate financial statements. • I assessed the adequacy of the disclosures made in the financial statements with reference to the disclosure requirements of IAS 37 <i>Provisions, contingent liabilities and contingent assets</i>. I did not identify material discrepancies in management’s judgements and conclusions.
Impairment of rolling stock assets	
The determination of impairment of PPE requires judgement and in determining the impairment, management has developed a guideline for impairment of different categories of assets including rolling stock and rail infrastructure assets. Transnet views each Operating Division as a CGU and for impairment purposes the recoverable amount needs to be determined for the CGU. Further to that, management determined the guidelines for impairment consideration even at an asset category level. Impairment guidelines make significant assumptions on which events and conditions indicators of impairment must be assessed further. Guidelines further explain reasons for assessing certain conditions at a CGU level. The asset class that has a significant amount of impairment at an asset level is rolling stock. The derailments, vandalism and theft or a burn out of rolling stock triggers an assessment for impairment (indicators of impairment). The key inputs in whether an item of rolling assets is impaired are whether the damage from derailments or vandalism is major or minor (whether management can repair it in a short space of time or need to completely replace or reconstruct the item) which is subject to significant judgement by management experts. Unsubstantiated assumptions and estimates (whether damage is minor or major) could give rise to a material misstatement. During the year under audit, I have noted a significant movement in impairment balance, TFR has processed a net impairment reversal of R762 million rolling stock compared to the previous year net reversal amount of R31 million. The above movement requires the auditor’s uninterrupted attention and extensive work to be performed. The audit team allocated significant resources and senior audit members to oversee the transactions and assess the reasonability of the estimates provided by management and the rolling stock impairment reversal.	In assessing the impairment on rolling stock during the audit I performed the following procedures: • I involved information systems auditors to draw reports of idle rolling stock using the SPRINT system, in order to identify locomotives and wagons that have been idle/long-standing. • I assessed the indicators of impairment relating to idle/long-standing rolling stock, which included assessment of the physical conditions of the rolling stock to assess whether the assets are operational and/ or have been damaged. • I verified the completeness of the impairment by tracing damaged rolling stock from the ground to the fixed asset register, to confirm that it had been correctly accounted for and therefore whether impairment was complete. • I verified the completeness of the impairment by tracing the rolling stock with incidents per incidents listing to the impairment reports conducted by management. The matters described above were determined to be the most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We did not identify any material misstatements in relation to these matters, and we do not provide a separate opinion on them.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Events after the reporting period

I draw attention to note 41 in the consolidated and separate financial statements, which discloses material adjusting and non-adjusting subsequent events.

Contingent liabilities, assets and guarantees

With reference to note 31 to the financial statements, the public entity is the defendant in various claims. The public entity is opposing these claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matters

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Removal of pre-exemption irregular expenditure by the accounting authority

The integrated report on page 126 discloses irregular expenditure of R86,3 billion that was not condoned and subsequently removed by the accounting authority. Of this, an amount of R42,9 billion was removed from accounting records by the accounting authority in a manner that contravenes the requirements of National Treasury Instruction 4 of 2022/23: PFMA Compliance and Reporting Framework, specifically paragraph 5.8. This provision stipulates that irregular expenditure may only be removed from the accounting records once the relevant authorities have completed their processes and the matter is resolved. In this instance, the losses were still under review by the relevant authorities, rendering the write-off premature and inconsistent with the prescribed framework. Consequently, this treatment constitutes non-compliance, and the irregular expenditure should remain disclosed until all investigations and determinations are finalised.

Responsibilities of the accounting authority for the consolidated and separate financial statements

The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the PFMA and the Companies Act; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the Group’s ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that

an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor’s report. This description, which is located on pages 18 and 19, forms part of my auditor’s report.

Report on the audit of the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

I selected the following key performance areas presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected key performance areas that measure the public entity’s performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area (KPA)	Page numbers	Purpose
KPA 2: Markets	31	Increase capacity for rail captive markets within 12 months
KPA 3: Partnerships and support rail reforms	31	Attract private investment and partnerships

I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity’s planning and delivery on its mandate and objectives.

I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity’s mandate and the achievement of its planned objectives;
- all the indicators relevant for measuring the public entity’s performance against its primary mandated and prioritised functions and planned objectives are included;
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements;
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents;
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable; and
- there is adequate supporting evidence for the achievements reported.

Report of the auditor-general to Parliament on Transnet SOC Limited

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I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

I did not identify any material findings on the reported performance information for KPA 3: Partnerships and support rail reforms.

The material findings on the reported performance information for the selected KPA 2: Markets, are as follows:

Key performance area 2: Markets

Container moves per ship working hour – CTCT

An achievement of 28 moves per hour was reported against a target of 32 moves per hour. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more

or less than reported and was not reliable for determining if the target had been achieved.

Missing indicators

The public entity is responsible for implementing key performance objectives outlined in the government Guarantee Support Framework Agreement (GSFA) and the associated turnaround plan, both of which are binding commitments aimed at ensuring financial stability and operational efficiency. However, indicators to measure performance on this objective were omitted from the approved planning documents. Consequently, the achievement of this objective was not planned or accounted for in the annual performance report, which is likely to result in it not being delivered and undermines transparency and accountability on the progress towards achievement of the entity’s key priorities. The following are the omitted indicators:

Missing Indicators	Reasons provided by the accounting authority for non-inclusion
Reduction in security incidents	The omission of the indicator “Reduction in security incidents” is not reasonable, as it is a key operational enabler that affects the entity’s ability to meet volume targets. While the accounting authority indicated that the indicator is tracked internally, this approach lacks transparency and is inappropriate for external reporting. The indicator was consistently tracked in prior years in the Shareholder’s Compact (SHC), and no valid justification has been provided for its exclusion in the current year.
Return of long-standing locomotives to service	The accounting authority indicated that this indicator is tracked internally through the recovery plan scorecard and corporate plan. However, this rationale is insufficient, as the indicator reflects a key function essential to rolling stock availability and rail volume improvement both critical to the entity’s mandate and financial sustainability. Its exclusion, despite prioritisation by the shareholder and National Treasury, compromises transparency and accountability in monitoring progress.
Disposal of non-core assets	The accounting authority indicated that the indicator forms part of the GSFA rather than a KPI in the SHC. This initiative was specifically identified as a critical intervention to address the entity’s funding challenges. It was prioritised by both the shareholder and National Treasury, and its exclusion undermines transparency and accountability in tracking progress on a key financial recovery initiative.
Disposal of non-core property portfolio	The accounting authority indicated that the KPI was omitted at ministerial level, this contradicts the commitments outlined in the GSFA signed by all parties. The disposal of non-core property is a key funding enabler aimed at reducing reliance on government bailouts, and its implementation is an expected deliverable for the institution. Therefore, its exclusion undermines accountability and progress tracking on a critical financial recovery initiative.
Establishment of the Rolling Stock Leasing Company	The accounting authority indicated that a directive was received from National Treasury to discontinue reporting on the indicator in the current year and resume reporting in the following year; however, no supporting evidence was provided. In the absence of documented justification, the exclusion lacks transparency and accountability for a strategic initiative that remains relevant to operational recovery and asset optimisation.

Other matters

I draw attention to the matters below.

Achievement of planned targets

The annual performance report includes information on reported achievements against planned targets. This information should be considered in the context of the material findings on the reported performance information.

The table that follows provides information on the achievement of planned targets and lists the key performance indicators that were not achieved as reported in the annual performance report.

Key performance area 2: Markets

Targets achieved: 8%		
Key performance indicator not achieved	Planned target	Reported achievement
2.1 Total rail volumes	170 million tons	160 million tons
2.2 Container volumes	4 416 TEUs	4 092 TEUs
2.4 Pipeline volumes	14 807 litres	13 372 litres
2.5 Loss time injury frequency rate	≤0,75	0,77
2.6.1 Average ship turnaround time – DCT	≤60 hours	101 hours
2.6.2 Average ship turnaround time – NCT	≤37 hours	53 hours
2.6.3 Average ship turnaround time – CTCT	≤57 hours	84 hours
2.7.1 Container moves per ship working hour – DCT Pier 1	≥43 moves per hour	36 moves per hour
2.7.2 Container moves per ship working hour – DCT Pier 2	≥51 moves per hour	37 moves per hour
2.7.3 Container moves per ship working hour – NCT	≥41 moves per hour	34 moves per hour
2.7.2 Container moves per ship working hour – CTCT	≥32 moves per hour	28 moves per hour

Overall, Transnet’s performance against set targets remains a concern. For the performance period ending 31 March 2025, Transnet achieved only 27,8% of the overall planned targets as per the SHC (2024: 28,6%; 2023: 26,3%). Contributing factors to this poor performance included locomotive and wagon shortages, equipment breakdowns due to maintenance backlogs, derailments, increased energy costs, and the impact of crime and vandalism on critical equipment and infrastructure.

Transnet launched a recovery plan in October 2023 aimed at addressing persistent operational challenges across its port, rail and pipeline businesses. The plan was scheduled for completion by 31 March 2025. However, by the end of the implementation period, only 15 out of the 39 initiatives representing 38,5% had been successfully executed, leaving 61,5% of the key initiatives intended to improve operation performance unachieved.

Transnet’s financial viability remains under significant pressure, with its ability to deliver on its mandate increasingly at risk. The Group continues to face elevated debt levels and has experienced breaches of loan covenants, which have necessitated the negotiation of waivers and the refinancing of maturing obligations with further debt. Limited cash generation from operations has contributed to a worsening net current liability position, further constraining liquidity. These financial challenges are compounded by persistent operational inefficiencies, including the inability to meet targeted rail volumes and delays in executing critical infrastructure maintenance and expansion programmes. Collectively, these factors have weakened the Group’s financial resilience and its capacity to sustain core operations.

While the government guarantee has provided temporary relief and alleviated immediate liquidity concerns, it does not substantively optimise Transnet’s capital structure. Moreover, not all conditions attached to the guarantee have been fully met, introducing additional risk and uncertainty. The current measures, though helpful in the short term, are not sustainable and do not address the underlying structural and financial constraints. To restore long-term financial stability and operational effectiveness, further interventions are required – both in terms of capital restructuring and operational reform. Without these, the Group’s ability to achieve its strategic objectives and fulfil its developmental mandate will remain compromised.

In the current year, the SHC was originally signed with the Minister of Public Enterprises on 31 May 2024, two months after the start of the financial year, indicating an improvement compared to previous years. However, subsequent amendments to the SHC reversed this progress, as the SHC was only finalised at year-end. This delay is consistent with prior years, where SHCs were not agreed upon in a timely manner.

Material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2: Markets. Management did not correct the misstatements, and I reported material findings in this regard.

Report of the auditor-general to Parliament on Transnet SOC Limited

for the year ended 31 March 2025

Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports and annual reports

The annual financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements on property, plant and equipment; trade and other receivables; disclosures on revenue; contingent liabilities; contingent assets; lease commitments; capital commitments and disclosure of material uncertainties on going concern and financial risk management identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 40 of the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with procurement processes and legislation.

Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 40 of the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest charges due to payment delays.

Revenue management

Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Procurement and contract management

Some of the goods, works or services were not procured through a procurement process that is fair, equitable, transparent and competitive, as required by section 51(1) (a) (iii) of the PFMA. Similar non-compliance was also reported in the prior year.

Consequence management

Disciplinary steps were not taken against some of the officials who had incurred or permitted fruitless and wasteful expenditure and irregular expenditure as required by section 51(1)(e)(iii) of the PFMA.

Other information in the annual report

The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

My opinion on the consolidated and separate financial statements, and my reports on the audit of the annual performance report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I have concluded that the integrated report contains a material inconsistency or misstatement, as outlined in the "Other Matter" section of this report.

Internal control deficiencies

I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

Inadequate oversight over financial reporting, compliance and internal controls contributed to irregular, fruitless and wasteful expenditure.

Although audit action plans were introduced to strengthen accountability and consequence management, their implementation is still in progress, and instances of non-compliance and ineffective consequence management were identified. Action plans developed to address root causes were ineffective, as repeat findings were raised.

Controls over the preparation and review of financial and performance reports were inadequate, resulting in material misstatements in the submitted financial statements and annual performance report.

At Operating Division level, internal controls were ineffective, and year-end adjustments and reconciliations were not adequately reviewed, leading to material audit adjustments.

Lack of adequate review of underlying records throughout the reporting cycle resulted in unreliable performance information.

The omission of key performance indicators from the SHC is primarily due to misalignment between strategic commitments and formal performance reporting, inadequate oversight and fragmented planning processes further contribute to the exclusion of critical initiatives.

Record management systems were not effectively implemented, resulting in incomplete and unreliable information for reporting.

Inconsistent implementation of IT controls compromised the reliability, continued availability, accuracy and security of information systems.

Other reports

I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

At the request of Transnet, a reasonable assurance engagement was performed on the TNPA annual financial statements for the financial year ending 31 March 2025. The objective of the engagement was to report whether the financial statements present fairly, in all material respects, the financial position of TNPA as at 31 March 2025, and their financial performance and cash flows for the year then ended in accordance with IFRS and the requirements of the National Ports Act 12 of 2005. The report was issued to TNPA on 29 August 2025.

Proclamation 11 of 2018 is investigating an allegation of contracting for or procurement of goods and services by Transnet and payment made in respect thereof in a manner that was not fair, equitable, transparent, competitive or cost effective, conducted by or facilitated through improper conduct. The investigation is conducted by the Special Investigating Unit for events that took place between years 2010 to 2018. The investigation is still in progress.

At the request of Transnet, limited assurance engagements were performed to assess compliance with the issuance of commercial papers and bonds during the periods 1 October 2023 to 31 December 2023, 1 January 2024 to 31 March 2024, 1 July 2024 to 30 September 2024 and 1 January 2025 to 31 March 2025, under its R80 billion domestic medium-term note and commercial paper programme. These engagements were conducted in accordance with the provisions of the Commercial Paper Notice (Government Notice 2172, published in Government Gazette No. 16167 of 14 December 1994), as required by paragraph 3(5)(j) of the notice issued by the Registrar of Banks. Reports were issued to Transnet on 27 September 2024, 28 November 2024 and 29 August 2025, respectively.

Auditor General

Pretoria

29 August 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor’s report

The annexure includes the following:

- The auditor-general's responsibility for the audit; and
- The selected legislative requirements for compliance testing.

Auditor-general’s responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected key performance areas and on the public entity’s compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention

in my auditor’s report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the public entity to cease operating as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion to express an opinion on the Group financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the Group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 50(3)(a); 50(3)(b)
	Section 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii)
	Section 52(b)
	Section 54(2)(c); 54(2)(d)
	Section 55(1)(a); 55(1)(b); 55(1)(c)(i)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities	Section 57(b) Section 66(3)(a)
	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1
	Regulation 31.2.5; 31.2.7(a)
	Regulation 33.1.1; 33.1.3
Companies Act No. 71 of 2008	Section 30(3)(b)(i)
	Section 33(1)(a)
	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4)
	Section 46(1)(a); 46(1)(b); 46(1)(c)
	Section 72(4)(a)
	Section 75(6)
	Section 86(1); 86(4)
Companies Regulations	Section 88(2)(d)
	Section 112(2)(a)
	Section 129(7)
	Regulation 30(2)
Preferential Procurement Policy Framework Act No. 5 of 2000	Regulation 43(2)(a)
	Section 1
Preferential Procurement Regulations, 2022	Section 2(1)(a); 2(1)(f)
	Regulation 4(4); 4(5)
Preferential Procurement Regulations, 2017	Regulation 4(1); 4(2)
	Regulation 5(1); 5(3); 5(6); 5(7)
	Regulation 6(8)
	Regulation 7(8)
	Regulation 8(2); 8(5)
	Regulation 9(1)
	Regulation 10(1); 10(2)
National Treasury Instruction note 3 of 2021/22	Regulation 11(1)
	Paragraph 4(2)
National Treasury Instruction note 4 of 2015/16	Paragraph 3.4
Construction Industry Development Board Act No. 38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	Regulation 17
	Regulation 25(7A)
Prevention and Combating of Corrupt Activities Act No. 12 of 2004	Section 34(1)

Audit Committee report

for the year ended 31 March 2025

Mandate

The Audit Committee presents this report in terms of the requirements of the PFMA and the related Treasury Regulations, section 94(7)(f) of the Companies Act and in accordance with the King IV Report on Corporate Governance for South Africa 2016, for the financial year ended 31 March 2025.

The role of the committee is defined in the Audit Committee mandate, which is approved by the Board. It covers, among others, its statutory duties and assistance to the Board with the oversight of financial and non-financial reporting and disclosures, safeguard of assets, the internal control system, fraud and risk management, internal and external audit functions and combined assurance as well as information technology governance.

Execution of statutory duties

In the conduct of its duties the committee has, *inter alia*, reviewed the following areas:

Oversight of financial and non-financial reporting and disclosure

Considered the annual financial statements for fair presentation with the relevant requirements of the PFMA, Companies Act and IFRS for relevance, adequacy, reliability and accuracy of financial and non-financial information provided by management and risks that may impact the integrity of the report. The committee also focused on disclosure of sustainability information in the report to ensure that it is reliable and does not conflict with the financial information.

Shareholder's Compact and financial performance

Transnet's revenue performance for the year ended 31 March 2025 improved by 7,8% when compared to the prior year driven by weighted average tariff increases and a rail volume increase, partially offset by lower container and pipeline volumes. Transnet continued to be hampered by various operational challenges, mainly affecting the rail and port businesses. The committee reviewed the performance information presented.

Despite the improved revenue performance, the Group did however report a R1,9 billion loss for the year, which is a 74,0% reduction in the loss from the prior year. The improvement is positive and a step in the right direction in the Group's recovery, but it is clear that Transnet must maintain its continued focus on addressing operational challenges. The current year 44,2% increase in capital expenditure will contribute positively to operational efficiencies. The reader is referred to the report of the Group Chief Financial Officer in the integrated report, where detailed disclosure of the financial performance is provided.

Overall performance against the Shareholder's Compact, requires significant improvement, driven mainly by the operational challenges experienced during the reporting period. The implementation of the recovery plan has been positive, but further improvements are required and the committee is confident that the reinvent for growth strategy will carry on the baton toward Transnet sustained profitability.

Management has and will continue to prioritise the engagement of stakeholders, ensuring transparency with regards to operational and financial performance and keeping them informed of progress with regards to the turnaround strategy of Transnet.

Irregular expenditure

The current financial year is the first year Transnet is reporting irregular and fruitless and wasteful expenditure (IFWE) in the annual financial statements (AFS) since the exemption that was granted by the National Treasury on 31 March 2022. As such, the IFWE note was submitted to the AGSA for audit and for the purpose of forming an opinion.

For the past three years, Transnet reported its IFWE in the integrated report (IR) instead of the AFS in line with the terms of the exemption.

Additional to initiatives implemented during the exemption, Transnet implemented several strategic initiatives during the current year to address supply chain compliance challenges and strengthen governance. These included obtaining PFMA section 79 approvals for departures from National Treasury supply chain management (SCM) instructions in support of the Transnet recovery plan approved by the Board in October 2023. This enabled the implementation of a compliant alternative procurement regime for revenue-generating activities, supported by a dedicated procurement manual rollout by the third quarter of the 2025FY.

SCM governance conducts contract and bid file compliance reviews to identify any non-compliances and potential irregular expenditure on an ongoing basis. This has significantly contributed to the reduction in irregular expenditure in the reporting period and will continue to be refined going forward.

To enhance strategic sourcing, Transnet introduced supplier market intelligence tools and rolled out SCM training and awareness campaigns to promote a culture of compliance. These initiatives are aimed at streamlining procurement processes, reducing manual intervention, strengthening PFMA controls, and mitigating the risk of tender process manipulation.

In addition, these initiatives assist Transnet in streamlining procurement processes, reducing manual intervention, strengthening PFMA controls, and mitigating the risk of tender process manipulation. As a result, there has been a significant improvement in the PFMA control environment.

As disclosed in the AFS total irregular expenditure (IE) confirmed for the 2025FY is R3,2 billion (2024: R3,8 billion). This is a reduction of 16,7% in IE as compared to the prior year. The reduction is attributable to strengthened internal controls, increased awareness across operating divisions, and ongoing efforts to embed consequence management and improve supply chain compliance. The Audit Committee acknowledges the progress made but remains concerned about the overall level of IE and continues to monitor management's corrective actions. Looking ahead, the focus will remain on driving accountability, embedding a culture of compliance across the business, and ensuring that Transnet's financial and operational performance is underpinned by sound governance practices and robust internal controls.

Material irregularity

The previously reported material irregularities (MIs) were resolved and not pursued further and reported as such in the audit report due to additional substantiating evidence submitted.

No material irregularities were identified in the current financial year.

State capture and investigations

As at 31 March 2025, Transnet with the support of the Special Investigating Unit (SIU) has recovered R1,8 billion from parties implicated in state capture or from civil recovery litigation involving

corruption. Transnet continues to litigate state capture related matters. Transnet also actively litigates with the SIU to recover losses suffered as a result of breaches of Transnet policies or the law and Transnet takes consequence management against implicated employees. Regular reports are made to the Transnet Board and the Department of Transport.

Internal audit

Transnet internal audit (TIA) is governed by the TIA charter which is reviewed and approved annually. The charter prescribes amongst others, the mandate, authority, roles and responsibility of the function. It also explicitly outlines the functional and administrative reporting line of the Chief Audit Executive (CAE) to safeguard the independence and objectivity of the function.

TIA follows a robust risk-based approach in the development of the internal audit three year rolling audit plan (TIA rolling plan). The plan considers amongst others the Transnet Group-wide strategic and operational risks, Transnet's strategic plans, second line of assurance roadmaps and the strategic pillars and objectives of Transnet's reinvent for growth (R4G) strategy. The TIA rolling plan is widely socialised across the Transnet lines of assurance and is benchmarked against leading practices. The TIA rolling plan is approved on an annual basis by the Audit Committee. Designed for agility, the TIA rolling plan undergoes ongoing review, including a formal bi-annual refresh ensuring alignment to the changes in the risk landscape.

Furthermore, the TIA rolling plan considers whether TIA has the necessary expertise and resources to effectively execute the approved plan. The TIA operating model is supported by a co-sourced resourcing strategy. This model enables TIA to leverage the capacity, specialist skills, extensive knowledge base and technological tools from its strategic partner firms (Deloitte & EY) thereby enhancing assurance activities, outcomes and strategic insights delivered to business.

TIA's current internal capacity is supported by 12 young professionals in training (YPTs) who were onboarded as audit trainees during the 2024FY. This initiative creates a valuable pipeline of future audit professionals, either for absorption into the TIA function or release into the broader job market upon completion of their training. The training contracts for the current Group of YPTs will be concluded in July 2025, at which point TIA plans to retain eight YPT's based on TIA's resourcing requirements. As part of its continued commitment to youth development in South Africa, TIA plans to onboard a new Group of six YPTs during the 2026FY, providing unemployed youth with critical training, mentorship, and practical experience in the audit environment.

The internal audit activity was assessed as 'generally conforms,' through an external independent quality assurance review completed during the 2023FY. This result represents the highest level of compliance in terms of the global internal audit standards. This external assessment is conducted every five years, with the next review to be performed in the 2028FY. A comprehensive quality assurance and improvement programme is in place and progress updates and activity outcomes are reported periodically to the Audit Committee.

During the 2025FY, TIA delivered assurance and advisory insights in alignment with the approved internal audit plan. These insights were used by the Audit Committee to identify key areas of focus and to direct efforts toward strengthening the control environment across the Transnet Group, as well as supporting the achievement of the R4G strategic objectives. TIA delivers audit and advisory services, with the internal audit function operating independently and objectively, demonstrating relevant skills, expertise, and organisational knowledge. Audit engagements that have identified significant issues are elevated

for the attention of the Audit Committee as well as the Transnet executive leadership. The outcomes of these audit engagements and the status of remediation efforts are being closely monitored by management, the second line of assurance, as well as the Audit Committee on a continuous basis through the respective governance forums such as Operating Division (OD) excos, Group excos, and Audit Committee meetings.

During the 2025FY, there has been a concerted effort towards the remediation of the findings, with 64% of the audit findings being resolved and validated as at the end of March 2024. This is indicative of management's commitment and support in the remediation of audit findings.

As per the internal audit strategy, TIA will continue to focus on the following strategic objectives during the 2026FY:

- Supporting the Board and sub-committees in the discharge of their oversight responsibilities;
- Supporting management in achieving their business objectives and decision making; and
- Supporting the improvement in governance, risk culture, risk management and the control environment.

Per the Transnet Internal Audit Charter, Transnet Internal Audit is mandated to coordinate combined and integrated assurance processes. To this end, the CAE has coordinated and led the combined assurance planning, implementation, monitoring and reporting activities within the Transnet Group. The Audit Committee has reviewed and approved the combined assurance policy during the financial year and has further approved the combined assurance planning that is aimed at achieving the strategic objectives of combined assurance, which include integration (alignment of assurance providers and risk management), efficiency (minimise duplications and optimise resource utilisation) and effectiveness (adequate assurance coverage of strategic risks).

The committee is comfortable that the Group's combined assurance model provides for appropriate governance structures at the operating divisions and at the consolidated Group level.

External audit

The committee considered the appointment of the external auditors in terms of the Companies Act and other applicable requirements, external audit plan, the audit budget, the audit fee and terms of engagement of the external auditors.

The committee reviewed the independence and objectivity of the external auditors, and the accounting, sustainability and auditing concerns identified by the external auditors.

Internal control, risk management and compliance, with legal and regulatory provisions

The committee considered the effectiveness of the internal control systems, governance and risk management processes that could have a material impact on the Company, the risks and mitigation plans, and the effectiveness of the entity's compliance with legal and regulatory requirements.

Internal control assessment

The committee is cognisant that adequate and effective controls lead to compliance with applicable laws and regulations. However, the committee's assessment of internal controls goes beyond just compliance and extends to enabling business imperatives through oversight of controls accountability, strong governance, risk and controls performance as well as ethical and effective leadership.

Audit Committee report

for the year ended 31 March 2025

The overall assessment of the Transnet control environment has been reported as requiring improvement to achieve optimal effectiveness and enable the achievement of business imperatives. Transnet’s system of internal control has not yet evolved effectively and efficiently to respond to the changes in the operating environments, mitigate risks to an acceptable level, adequately facilitate strategic decision making and governance within the Group.

A key challenge that continues to affect the consistency and effectiveness of control execution is the shortage of critical skills in key operational areas. High vacancy rates, coupled with delays in filling strategic roles, have resulted in increased operational strain, heightening the risk of control failures and adversely impacting the overall control environment. Furthermore, there is a high level of reliance on manual controls within the organisation due to legacy systems and the slow adoption of automated solutions. As a result, the stability and effectiveness of the control environment remain vulnerable to process inefficiencies and systemic limitations.

In addition to the existing control and governance challenges, the rail reform and TNPA corporatisation processes have introduced a significant degree of uncertainty across the Transnet Group. The ongoing restructuring, changes in reporting lines, shifting strategic priorities, and the transfer of certain functions between operating divisions have contributed to increased organisational disruption. This has, in turn, elevated concerns around job security, which may be contributing to reduced focus, lower morale, and potential adverse impacts on the overall control environment.

Ongoing effort is required in terms of stabilising leadership across all parts of the business, re-prioritising corporate governance as a business imperative and strengthening of the various lines of assurance to enable a sound control environment. These fixes are not quick and will require a protracted timeframe for embedding, measuring, monitoring and improving.

Management has developed and implemented the Transnet Internal Control Framework in alignment with the COSO Framework during the 2025FY, to support the improvement of the overall Transnet control

environment. As part of the framework embedment across the Group, teams are undergoing extensive training, with clearly defined roles and responsibilities, supported by a structured roadmap for implementation. Management and TIA are partnering in this effort to strengthen the organisational control environment, driving meaningful progress, and ensuring effective monitoring and oversight of controls.

Information technology (IT) general controls

The committee monitors the effectiveness of the IT control environment and mitigating controls implemented and noted the efforts made to improve the IT environment.

Management have made good progress regarding the required IT security upgrades and automation processes but will continue to monitor and identify opportunities to enhance the IT environment to further support finance and operational environments in the implementation of the Group’s reinvent for growth strategy.

Going-concern assumption

The committee concurs with the view expressed by management and evaluated by external audit that the adoption of the going concern assumption in the preparation of the annual financial statements is appropriate.

In performing their going-concern assessment, members of the committee considered the robustness of budgets and the 2025 FY business results, cash flow projections, progress made on cash-preservation initiatives to mitigate against the impact of revenue shortfalls as well as the flexibility of the capital investment plan and the well-defined funding plan. Further details are provided in note 39 of the annual financial statements.

Debt officer

Mr Andre Pillay (Group Treasurer) was appointed as the debt officer during the 2023FY. The Board of Directors have considered and satisfied themselves on the competence, qualification and experience of the debt officer.

Audit Committee meetings

The Audit Committee comprises of independent non-executive directors who are duly elected by the shareholder representative at the annual general meeting in line with legislative requirements.

A total of seven meetings were held during the year under review and all quorum requirements were met. The meetings and attendance records of the committee are reflected in the previous table.

The Group Chief Executive, the Chief Financial Officer, the Chief Audit Executive and other key executive management are required to attend all meetings of the Audit Committee. In addition, representatives from the office of the AGSA have a standing invitation to attend all committee meetings. The auditors, both internal and external and management are also afforded individual closed sessions with the Audit Committee.

The Audit Committee chairperson, Mr C Benjamin resigned from the Board effective 1 September 2024. The Audit Committee, Board and management would like to thank Clarence for his efforts, guidance and commitment to the Transnet Board during his tenure and wish him well in his future endeavours. Ms L Letsoalo was appointed as interim Audit Committee chairperson effective 4 December 2024. The Board has faith in the interim chairperson and the committee members fulfilling their responsibilities and ensuring the committee continues to contribute positively to the achievement of the strategic objectives of Transnet.

Key focus areas of the meetings

The quarterly meetings held during the reporting period entailed the following key discussions:

- Liquidity and funding challenges and the approach to address the associated risks (including that related to the Company’s loan covenants);
- Debt maturity and adherence to the foreign borrowing limit;
- Overseeing the successful finalisation of the latest R51 billion government guarantee facility and the debt drawdowns supported by the previous R47 billion guarantee facility;
- Gearing level and structure of the statement of financial position;
- Performance of operating divisions and the impact on free cash flows;
- Monitoring of financial and operational risks;
- The integrated assurance plan and control environment remain sources of concern;
- IFWE, and the implementation of the related improvement plan and consequence management application throughout the Group;
- Tax and IT activities;
- Quarterly assessment of the TIA three-year rolling audit plan; and
- Combined assurance implementation.

Main objectives of the committee for the 2026FY

- Revenue generation and focus on cost-savings;
- Funding approach and execution of debt redemption;
- Improved liquidity, working capital management and over time lower gearing levels remain a priority;
- Optimisation of the Group Statement of financial position;
- Improvement of the internal control environment;

- Oversee along with other board committees the progress of the reinvent for growth strategy and the turnaround of SCM/ procurement;
- Continuous improvement on regulatory compliance;
- Financial sustainability and delivering on environmental, social and governance (ESG) objectives;
- Improvement of stakeholder relations and accelerate the adoption of digital solutions;
- Implement appropriate measures to support a successful private sector participation (PSP) programme and other liquidity enhancing initiatives;
- Assessing progress against the Transnet Group combined assurance roadmap; and
- Remediating audit findings.

Recommendation of the annual financial statements and the integrated report

The committee has evaluated the annual financial statements of Transnet and the integrated report for the year ended 31 March 2025 and, based on the information provided to it, considers that they comply, in all material respects, with the requirements of the Companies Act, the PFMA and IFRS.

Conclusion

The committee is encouraged by another unqualified external audit opinion and the improvements noted, evidencing management’s efforts in this regard. There are, however, still areas that require further attention to deliver an absolute positive report given the improvements required in the overall control environment and the continued focus required in the compliance space linked to IFWE.

The committee is confident that the reinvent for growth strategy will build on the clear positive gains from the recovery plan and aid in enabling Transnet to overcome operational challenges and yield sustainable profits.

We would also like to thank the AGSA for its support during the external audit process and their contribution in working with management to the achievement of the reporting timelines that have been realised.

L Letsoalo
Interim Chairperson of the Transnet Audit Committee

27 August 2025

Johannesburg

Composition and meeting attendance

Schedule of attendance at meetings from 1 April 2024 to 31 March 2025

Directors	Q1	Q1	Q2	Q2	Q3	Q4	Q4
	24/05 2024	30/05 SP 2024	19/08 2024	31/08 SP 2024	26/11 2024	19/02 2025	14/03* 2024
Mr C Benjamin (Chairperson) ¹	✓	✓	✓	✓	-	-	-
Ms R Buthelezi	✓	✓	✓	✓	✓	✓	A
Mr M Debel	✓	✓	✓	✓	P	✓	✓
Mr D Patel	✓	✓	✓	✓	P	✓	P
MS MP Zambane ²	✓	✓	✓	✓	✓	✓	✓
Ms L Letsoalo (Interim chairperson) ³	-	-	-	-	-	✓	✓

SP Special meeting.
✓ Present.
P Partial attendance.
A Apology.
¹ Resigned from the Board during the financial year.
² Appointed as designated chairperson in November 2024.
³ Appointed as interim chairperson in December 2024.
* Continuation of the 19 February 2025 meeting.

Report of the directors

for the year ended 31 March 2025

Introduction

The directors submit their report, together with the Company and Group annual financial statements, for the year ended 31 March 2025.

Nature of business

Transnet is a public company, wholly owned by the Government of South Africa, and is the custodian of the country's rail, ports and pipelines. Transnet is responsible for enabling the competitiveness, growth and development of the South African economy by delivering reliable freight transport and handling services that satisfy customer demand.

As the custodian of ports, rail and pipelines, Transnet has a responsibility to ensure the optimal development of the national freight system. Furthermore, as a responsible corporate citizen and key implementing agent of the developmental state, Transnet conducts its activities in order to optimise developmental outcomes, such as job creation, skills development, economic transformation, regional integration and industrial capability building.

Board of Directors

The Transnet Board consists of the following non-executive directors:

- Dr A Sangqu (Chairperson);
- Ms R Buthelezi;
- Mr M Debel;
- Mr B Jiya;
- Ms L Letsoalo;
- Ms KG Mbonambi;
- Prof FS Mufamadi;
- Mr D Patel;
- Ms B Sedupane; and
- Ms MP Zambane;

The Board currently consists of the following executive directors:

- Adv MJ Phillips- Group Chief Executive; and
- Ms RNM Maphumulo- Group Chief Financial Officer.

Changes to Board composition:

Mr Clarence Benjamin's term of office ended during the year under review as he was appointed for a period of one-year effective 1 September 2023 to 31 August 2024. Ms KG Mbonambi was appointed to the Board, effective 8 August 2025.

Composition of the Board

The Board consists of individuals from diverse racial, gender, cultural and professional backgrounds. This diversity brings a well-rounded perspective to the functioning of the Board and fosters a collaborative environment, resulting in an optimised governance landscape.

The composition of the board, key activities and related decisions and its committees for the year ended 31 March 2025 are set out in the 'abridged governance' section of the 31 March 2025 integrated report. The Unabridged Governance Report, which the Company prepares as part of its annual reporting, contains more details on the company's corporate governance affairs.

The remuneration and fees paid to directors are set out in note 38 of the annual financial statements as prescribed by the Companies Act.

Performance for the reporting period

The overall performance of Transnet for the year ending 31 March 2025 reflects the dedicated efforts of the Board of directors, management, and employees, supported by the National Logistics Crisis Committee and the Shareholder department. These combined

efforts were aimed to turn around the historical decline experienced over the past few years. The performance during the financial year highlights the effective collaboration with both internal and external stakeholders and demonstrates Transnet's resilience and commitment to achieving the targets outlined in the recovery plan. The Board and management are fully aware of the ongoing challenges impacting performance within the rail and port operations and are focused on implementing interventions to improve results.

A new Government of National Unity (GNU) was established in June 2024, a development that has been favourably received by the markets. The GNU is confronted with significant challenges, including a decline in GDP per capita, elevated unemployment rates, pervasive poverty and inequality, as well as increasing public debt, which constrains the government's ability to address other pressing expenditures. This new mandate represents an opportunity to pursue comprehensive reforms aimed at ensuring macroeconomic stability and addressing these pressing challenges, thereby positioning the economy for higher, more inclusive, and sustainable growth.

The IMF noted real output growth was projected to be 0,8% in 2024, with expectations for an increase to 1,5% in 2025. This anticipated growth is based on improvements in electricity generation, a relaxation of monetary policy, and a resurgence in investor and consumer confidence post-elections. By the end of the decade, growth is foreseen to reach 1,8%, supported by ongoing reforms in the electricity and logistics sectors, while inflation is expected to stabilise around the midpoint of the central bank's target range.

Although fiscal deficits are expected to moderate, they will likely remain elevated over the medium term, contributing to a continued rise in public debt under the baseline scenario. The overall outlook significantly hinges on the GNU's capacity to successfully implement essential structural and fiscal reforms. The implementation of these reforms aims to restore long-term sustainability in the electricity and logistics sectors. This will be achieved by unbundling vertically integrated state-owned enterprises (SOEs) and promoting greater private sector participation, while also ensuring the commercial viability of key SOEs, such as Transnet.

This report is presented following the conclusion of the 2025 financial year (FY) and highlights both the significant achievements in executing the recovery plan and the challenges faced throughout the financial year. Transnet has experienced modest improvements in its operating environment, particularly reflected in increased revenue and enhanced total rail and automotive volumes compared to the prior year. The performance during the reporting period illustrates effective collaboration with internal and external stakeholders, thereby demonstrating Transnet's resilience and steadfast commitment to achieving the objectives outlined in the recovery plan. While some key performance indicators faced internal challenges and external pressures, the overall positive trend in operational and financial recovery indicates that Transnet's targeted initiatives are beginning to bear fruit. With sustained dedication, Transnet is well-positioned to enhance its long-term sustainability and drive improved performance across all operational areas through the implementation of its new 'reinvent for growth strategy'.

Performance overview of the recovery plan period

Transnet performance for the recovery period spanning 18 months from October 2023 to March 2025 was driven by concerted efforts to realise a recovery from a downward trajectory of the previous years. Efforts in this regard led to a turning point during the first year of the recovery programme which saw the recovery of just under 10 million tons (mt) by 31 March 2024 against the projected expectation of 142 mt to finish the financial year at 151,7 mt. This recovery was further consolidated in the second financial year ending 31 March 2025 with an 8,4 mt improvement in annual rail volumes moved.

Total rail volumes for the financial year ending 31 March 2025 at 160,1 mt was characterised by a strong showing in the improvement

of tempo where some record-breaking performances were realised. The rail business for example realised a peak performance of between 3,3 and 3,6 mt per week following several interventions to improve performance. These included amongst others working closely with the private sector and other players in the National Logistics Crisis Committee (NLCC), as well as operationalising a value-chain-driven war room programme that improved ways of working, fault detection and resolution. Although the Company did not realise the planned target, a significant year-on-year improvement of 5,5% was realised.

Despite this strong showing, the rail business still continues to experience performance impacting challenges such as rail network challenges, disruptive security incidents and legacy maintenance issues that continue to put pressure on the already diminished capacity. The continued unavailability of locomotives as a result of the suspension of the CRRC-related 1 064 locomotive supply agreements continues to impact on the capacity of the business. The recovery plan had anticipated the resolution of the impasse with CRRC which would have given the rail business enough capacity to deliver on the target.

Going forward the newly formed, Transnet Rail Infrastructure Manager will work very hard to improve the condition of the network through renewed impetus in the execution of the network shuts to ensure that the rehabilitation work done is up to scratch.

Port automotive volumes registered a year-on-year improvement of 3,9%. Volume throughput was primarily impacted by the shortfall in Toyota Exports from Durban as Toyota had failed to meet European Carbon Emission targets. MBSA East London exports have reduced as they commence with the transition from the current assembly of sedans to SUVs, as per market demand.

Port container volumes of 4 094 000 twenty foot equivalent units (TEUs) (2024: 4 152 000 TEUs) were 1,4% below the prior year owing to continuous equipment breakdowns experienced within the terminals as a result of the aging fleet, largely at Durban Container Terminal Pier 2 and Cape Town Container Terminal.

The pipeline business started the year with a major disruption of the extended Natref shutdown (2 weeks extension), changes in the regulatory environment in a key destination Botswana which impacted on the demand and thereby lead to low volumes executed. Volumes of 13,37 billion litres (bl) (2024: 15,19 bl) were 12,0% below the prior year.

Group revenue for the year increased by 7,8% to R82,7 billion (2024: R76,7 billion), in line with weighted average tariff increases throughout the business, higher volumes from rail operations, partially offset by lower container and pipeline volumes. This along with net operating expense savings resulted in EBITDA increasing 39,4% to R30,6 billion (2024: R22,0 billion).The recovery plan had anticipated larger revenue and EBITDA returns, but this was ruled out by persistent operational challenges on which focused attention will continue to be directed to ensure they do not further hamper the overall progress made by the business as it builds on its recovery period. The current year 44,2% increase in capital expenditure to R24,0 billion (2024: R16,7 billion) will contribute positively to operational efficiencies.

Transnet Port Terminals invested R3,4 billion in the FY2025 financial year in order to address the persistent problem with unreliable equipment and has engaged in a drive to replace and refurbish critical port equipment to ensure productivity. In this regard, the Durban Container Terminals have taken delivery of new straddle carriers, rubber-tyred gantry (RTG) cranes, haulers, trailers, forklifts, stackers and spreaders which are among the first consignments of 100 pieces of cargo handling equipment on order for the terminals for the 2025 calendar year to aid in improving operational efficiencies. Port Terminals has also increased the number of cranes and employees deployed at the Cape Town Container Terminal (CTCT) in a move to mitigate the negative impact of the recent windy weather conditions affecting the terminal operations.

The Transnet Engineering Durban Alstom line has-for-the-first time delivered an improved performance of 43 locomotives in a single year, surpassing all previous records. This milestone reflects the result of the recovery plan initiatives implemented by Engineering, improving from an average of just 2,3 locomotives per month to 5,5 locomotives per month.

Transnet National Ports Authority has signed two terminal operator agreements for the development of the country's first liquefied natural gas (LNG) import terminal and a liquid bulk terminal at the Port of Richards Bay. The liquid bulk terminal enhances the port's capability to handle liquid bulk cargo, particularly bunker fuels, essential for maritime logistics. National Ports Authority has also commissioned an upgraded automotive berth at the Port of East London. In November 2023, National Ports Authority commenced a project to deepen and strengthen the automotive terminal berth to address inconsistencies in berth depth, ensuring that all berths along the West Quay are 10,5m deep and have a total length of 550m. This upgrade now allows the Port of East London to simultaneously berth two new-generation automotive vessels longer than 200m along the west quay. These are currently the largest pure car carriers in the world fleet.

Detailed commentary on the performance for the year is included in the integrated report on pages 112 to 117.

Accounting policies

The accounting policies applied in the preparation of the annual financial statements for the year ended 31 March 2025 are in accordance with IFRS and are consistent with those applied in the prior year.

Judgements made by management in the application of IFRS that have a significant impact on the annual financial statements are disclosed in the relevant accompanying notes to the annual financial statements.

Share capital

There has been no change in the authorised or issued share capital of the Company during the reporting period. The issued share capital of the Company is 18 497 986 310 ordinary shares of R1.00 each. Further details pertaining to the Company's share capital are contained in note 21 of the annual financial statements.

Dividend

Distributions to the Shareholder are governed by paragraph 28 of the Company's MOI in line with the requirements of section 46 of the Companies Act and are made in accordance with the Company's approved dividend policy.

In determining the declaration of a dividend, the Transnet Board of Directors considers the environment in which the business operates over the current, short and medium term, taking into account the following:

- (a). Shareholder expectations;
- (b). Long-term sustainability;
- (c). Future funding requirements and reinvestment opportunities;
- (d). Solvency and liquidity;
- (e). Going concern assessment;
- (f). Changes in government and regulatory policies;
- (g). Company's cash generation ability; and
- (h). Economic environment.

Further, dividend payment is informed by the availability of excess cash from operating activities after allowing for:

- (a). Debt servicing (interest and principal);
- (b). Funding sustaining capital investments; and
- (c). Financial flexibility.

Report of the directors

for the year ended 31 March 2025

The Board of Directors have decided not to declare a dividend for the financial year ended 31 March 2025. The Company assessed the following factors in arriving at this decision:

- Per the corporate plan, Transnet will have no excess cash in the 2026 financial year;
- The Company has a significant sustaining capital investment backlog and operational requirements given its strategy;
- The significant debt repayment profile in the short term;
- The funding of strategic priorities in the corporate plan, including but not limited to, enterprise development and social investments; and
- Transnet’s current sub-investment grade credit rating that may increase the cost of borrowing.

The declaration of a dividend is reviewed annually and is subject to the approval of the Shareholder Representative at the annual general meeting.

Divisions, subsidiaries and associate companies

A detailed list of subsidiaries and equity-accounted investees is contained in note 37 of the annual financial statements.

Revaluation of property, plant and equipment

The Group performs revaluations of its rail infrastructure, port infrastructure and pipeline network assets in accordance with its accounting policy, which requires an independent valuation using the depreciated optimised replacement cost method every three years (with indexation in the intervening years where appropriate), and the discounted cash flow method applied annually.

At 31 March 2025, the rail and port infrastructure assets were revalued based on the discounted cash flow method. Pipeline networks were revalued using an index valuation based on the depreciated replacement cost (DRC) methodology and discounted cash flow methods. An index valuation was applied to port operating assets.

Rail infrastructure

The carrying value of rail infrastructure was devalued by R2,2 billion (2024: R4,0 billion devaluation).

Port facilities

The carrying value of port infrastructure was devalued by R388 million (2024: R1,05 billion devaluation) and port operating assets were revalued by R473 million (2024: R45,5 million).

Pipeline networks

The carrying value of pipeline networks was revalued by R195 million (2024: R264 million devaluation).

Fair valuation of investment property

The Group determines the fair value of its investment property at each reporting date in accordance with IAS 40 Investment Property. The fair value of investment property at 31 March 2025 was determined using the capitalisation method and the discounted cash flows method. Please refer to note 10 of the annual financial statements for further details.

In accordance with the Group accounting policy, a full valuation was performed by independent external property valuers for one-third of the investment property portfolio and a desktop valuation was undertaken by internal valuation experts for the remainder of the property. External valuations are performed on a rotational basis, and all properties in the portfolio are valued by an external independent valuer at least once in a three-year cycle.

The valuation at 31 March 2025 resulted in a fair value increase in investment property of R1,9 billion (2024: R615 million increase) mainly as a result of an improvement in the property market during the financial year.

Capital expenditure and commitments

The Company continued to execute its infrastructure investment programme, spending R24,0 billion for the year (2024: R16,7 billion). The capital investment for the year comprised R3,7 billion (2024: R2,9 billion) invested in the expansion of infrastructure and equipment and R20,3 billion (2024: R13,8 billion) invested to maintain capacity in the rail, pipelines and port divisions.

Further details regarding capital commitments are included in note 30 of the annual financial statements.

Passenger Rail Agency of South Africa (Prasa)

Prasa owed Transnet R286 million at 31 March 2025 (2024: R341 million), of which R87 million (2024: R162 million) related to services rendered during the year.

Transnet remains committed to working with Prasa in providing passenger rail services in South Africa.

Going concern

In adopting the going concern assumption, the Board reviewed the Group’s performance for the year and considered the robustness of budgets and business results, cash flow projections for the 15 months ending 30 June 2026, cost-saving opportunities, the cost of capital projects and related optimisation opportunities and the funding plan.

Further details are provided in note 39 of the annual financial statements.

Funding

As at 31 March 2025, the Company’s total borrowings amounted to R144,8 billion (2024: R137,7 billion).

In the reporting period, the Group raised funding of R27,9 billion (2024: R34,4 billion) through the issuance of bonds and commercial paper (under the Domestic Medium-Term Note (DMTN) programme), Development Funding (DFI’s) and bilateral loans.

The decision to limit future capital expenditure to 80% of cash generated from operations, together with the expected cost compression through improved procurement processes, will ensure a reduction in forward-looking debt levels.

Cash interest cover (CIC) loan covenant breach

For the 31 March 2025 reporting period, Transnet achieved a CIC of 1,8 times. A number of loans require Transnet to maintain the CIC loan covenant at a minimum of 2,0 times and 2,5 times at 31 March and 30 September of each financial year. The current CIC level constitutes a breach of the CIC loan covenant on affected loans with a total capital balance of 38,6 billion. The breach is an event of default.

Transnet secured waivers from all the lenders affected by the covenant breach, with all matters appropriately closed.

Credit ratings

Transnet is rated by Moody’s Investors Service (Moody’s) and S&P Global Ratings (S&P) and the current credit rating status is depicted in the following table:

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/SACP)	caa1	ccc+

* Further details are provided in note 36 of the annual financial statements.

Post-retirement benefit obligations

Benefit funds

The Group provides various post-retirement benefits to its active and retired employees, including post-retirement medical benefits.

The two defined benefit funds, namely the Transnet sub-fund of the Transport Pension Fund (TTPF) and the Transnet Second Defined Benefit Fund (TSDBF) are fully funded with actuarial surpluses of R1 165 million (2024: R1 529 million) and R4 225 million (2024: R4 304 million) respectively at 31 March 2025. Transnet has not recognised any portion of the surplus on these funds, as the fund rules presently do not allow for the distribution of a surplus.

SATS pensioners’ post-retirement medical benefit obligations

The total post-retirement medical benefit obligation on 31 March 2025 was R286 million (2024: R284 million), comprised of R126 million (2024: R140 million) in respect of SATS pensioners and R160 million (2024: R144 million) in respect of Transnet employees.

Transnet is committed to identifying a sustainable long-term solution for the provision of medical scheme benefits to SATS pensioners and their dependants.

Further details are provided in note 32 of the annual financial statements.

Events after the reporting period date

Wabtec portion of 1 064 locomotive supply agreement high court judgement

On 14 April 2025, the High Court of South Africa made the settlement agreements Transnet and Wabtec concluded the just and equitable remedy in respect of the review application Transnet had brought to set aside the 1 064 locomotive supply agreements. Wabtec delivered in full in terms of the locomotive supply agreement and Transnet is to retain the locomotives delivered.

Ballast waste exclusion from environmental waste definition

On 22 April 2025, the Department of Forestry, Fisheries and Environment (DFFE) issued a formal decision stating that ballast waste has been excluded from the definition of environmental waste. Transnet Freight Rail had previously petitioned to the DFFE to exclude ballast waste from the definition of environmental waste. Accordingly, the environmental provision relating to ballast waste of R423 million has been reversed in the financial statements as an adjusting event under IAS 10 Events after the reporting period.

Settlement agreement reached with Sasol Oil

On 23 May 2025, the Transnet Board approved the R4,3 billion settlement agreement between Transnet and Sasol Oil, with the related claim settled in the 2026 financial year. This resulted in Transnet adjusting the current reporting period financial results in line with the settlement agreement as detailed in the annual financial statements.

Settlement negotiations with TotalEnergies

On 30 May 2025, the Transnet Board approved the R1,2 billion settlement agreement between Transnet and TotalEnergies, with the related claim settled in the 2026 financial year. This resulted in Transnet adjusting the current reporting period financial results in line with the settlement agreement as detailed in the annual financial statements.

US announcement of 30% tariff on South African imports

On 7 July 2025 the US announced a 30% tariff on South African imports into the US. The Transnet Board and management will track and assess the potential impact of such on Transnet operations, including the potential mitigation options available to the organisation.

Rating agency updates

In July and August 2025, S&P and Moody’s announced their rating decisions, the details of which are disclosed in note 36 of the annual financial statements.

Compliance and legislation

To the best knowledge and belief of the directors, the Company has, during the year, complied, in all material respects, with all legislation and regulations applicable to it, except as disclosed in the annual financial statements.

The Company has a dedicated Compliance function to assist directors with the management of compliance obligations. Compliance utilises a risk-based methodology and approach to ensure that Transnet’s high risks are treated and/or eliminated.

PFMA compliance

The exemption that was granted by National Treasury came to an end at 31 March 2024. Transnet was exempted from disclosing the particulars required by section 55(2)(b)(i), (ii) and (iii) of the PFMA in the annual financial statements for a period of three years. During the exemption period, Transnet has worked on improving the internal controls relating to accurate and complete reporting of irregular, fruitless and wasteful expenditure (IFWE).

Transnet has also continued to put measures in place to ensure that consequence management and remediation actions are continuously being undertaken. Updates on the consequence management taken by Transnet have consistently been included in the quarterly reports that are sent to the National Treasury and the Department of Transport.

The past year has seen an establishment of the Consequence Management, Condonations and Material Irregularities Committee (CCMI). The CCMI is responsible for guiding and overseeing consequence management, condonations, and material irregularities through standardised processes, reviews, and monitoring to support effective governance and compliance. This committee ensures that all the necessary requirements of PFMA and other transcripts by National Treasury as well as the Companies Act and corporate governance requirements related to internal controls are met.

Report of the directors

for the year ended 31 March 2025

Supply chain management (SCM) governance provides on-going support on the implementation of the manual for the procurement of goods and services with a direct impact on revenue generation. The team also monitors the implementation of departures granted by National Treasury. Other initiatives to improve the SCM environment include procurement digitisation and SCM performance management. These activities strengthen governance, improve operational efficiency, support revenue generation, and reduce procurement-related risks.

Material irregularity

The previously reported material irregularities (MIs) were resolved and not pursued further and reported as such in the audit report due to additional substantiating evidence submitted.

No material irregularities were identified in the current financial year.

Economic regulation and regulatory reform

The tariffs of two operating divisions, namely Transnet Pipelines (TPL) and Transnet National Ports Authority (TNPA) are regulated by the National Energy Regulator of South Africa (NERSA) and the Ports Regulator of South Africa (Ports Regulator) respectively.

With a significant portion of Transnet’s revenue and EBITDA impacted by economic regulation, it is critical that relationships with regulators are managed proactively and strategically as their decisions could have a significant impact on operating results, capital investment decisions and investor confidence.

Pipelines

On 2 August 2024, TPL filed a two-year petroleum pipelines system tariff application to NERSA for the 2026 and 2027 financial years (FYs). On 27 February 2025, NERSA set tariffs that will allow Transnet to realise an allowable revenue after disallowing 50% of the 2021FY claw back and deferring R800 million to TPL’s 2026 regulated asset base. This resulted in a tariff increase of 10,13%. The final decision on the disallowance of the revenue clawback is still to be determined by NERSA after finalising the volume risk sharing guidelines.

On 2 August 2024, TPL filed a three-year tariff application for petroleum storage to NERSA for the 2026, 2027 and 2028 FYs. This included:

- 2026FY: a tariff of 13,04 cents per litre (cpl);
- 2027FY: a tariff of 13,81 cpl; and
- 2028FY: a tariff of 14,22 cpl.

On 16 January 2025, NERSA approved the above application with the tariffs being applicable from 1 April 2025.

On 26 October 2023, NERSA approved the 2024 to 2026 multi-year piped gas transmission tariff which amounted to R9.00/Gigajoule (GJ) for the 2026FY. A multi-year tariff application will be submitted to NERSA by 31 October 2025, for the 2027 to 2029 FYs.

National Ports Authority

On 1 August 2024, the TNPA tariff application for the 2026FY (tariff application) was submitted to the Ports Regulator of South Africa (PRSA). TNPA requested a revenue requirement translating into a weighted average tariff increase of 7,90%.

The PRSA followed a stakeholder consultation process on the tariff application, with roadshows being held across the regions. This was followed by the submission of written stakeholder comments in October 2024.

In accordance with the Port Directives, TNPA was provided with an opportunity to provide written responses to the key written stakeholder comments received, which was duly submitted to the PRSA on 29 October 2024.

On 29 November 2024, the PRSA issued its Record of Decision allowing TNPA an average tariff adjustment of 4,4%, in line with inflation. The 2026FY tariff book has been duly approved/stamped by the PRSA and published by the PRSA and TNPA. TNPA has further communicated the 2026FY tariff book to all key customers.

Incorporation of Transnet National Ports Authority as a subsidiary of Transnet SOC Ltd

The Ports Act became effective on 26 November 2006 and provides for the establishment and incorporation of the Authority.

On 22 June 2021, the President of the Republic of South Africa announced that TNPA, which is currently a division of Transnet SOC Ltd (Transnet), would be established as a subsidiary of Transnet, in line with the Act. The President explained that this means the establishment of an independent National Ports Authority as a wholly owned subsidiary of Transnet, with its own Board appointed by the Minister.

On 30 July 2021, the Department of Public Enterprises published a gazette giving notice of the Department’s intention to incorporate the National Ports Authority of South Africa as a company incorporated under the name National Ports Authority SOC Ltd, with Transnet SOC Ltd as its sole shareholder.

On 8 December 2023, the Freight Logistics Roadmap of South Africa (FLR) was approved by cabinet stipulating that “The current Transnet National Ports Authority (TNPA) will be established as a subsidiary of Transnet with its own board in line with its restructuring programme and may at a later date be incorporated as a separate state-owned entity.”

On 25 January 2025, the Minister of Transport, Honourable Ms BD Creecy (the Minister) approved the application, in terms of section 54 (2) of the PFMA, for the incorporation (Corporatisation) of Transnet National Ports Authority (TNPA) SOC Ltd as a wholly owned subsidiary of Transnet. Transnet also received correspondence from the Minister of Finance regarding the PFMA application in terms of section 51.

The Minister of Transport, in a letter dated 20 March 2025, established a task team chaired by the Department of Transport (DoT), to provide recommendations to the Minister on the most suitable process for incorporating TNPA.

The Guarantee Support Framework Agreement (GSFA) had provided that Transnet must establish the TNPA, as a wholly owned subsidiary by 30 April 2025. However, following several submissions and engagements with the DoT, and the work of the task team, National Treasury suspended the incorporation date of 30 April 2025, to allow the task team to establish the appropriate mechanisms and timelines to incorporate TNPA that will not result in any material uncertainty regarding the financial sustainability and going concern status of Transnet.

Freight Rail

White paper on National Rail Policy

The white paper on national Rail policy (NRP) positions the provision of access to third party operators on the Transnet Freight Rail network infrastructure as the crux of South African rail reform and was approved by cabinet in March 2022.

The GSFA provides that the Infrastructure Manager must be established as an operating division with its own management by 1 April 2025 and as a wholly owned subsidiary with a board comprising a majority of independent non-executive directors who are not also members of the Transnet Board.

To facilitate controlled access to its railway infrastructure network, Transnet has completed the vertical accounting and governance separation of its rail infrastructure and operations business. As of 1 April 2025, the Transnet Rail Infrastructure Manager (TRIM) and the Transnet Freight Rail Operating Company (TFROC) have been established as independent operating divisions in Transnet.

The network statement was finalised and published by the DoT in February 2025. The updated network statement provides detailed insights into available network capacity and key operational considerations for train operating companies (TOCs), across all corridors. The revision ensures greater clarity on capacity allocation principles and includes critical enhancements to improve network reliability, efficiency, and planning processes. It also reinforces TRIM’s commitment to addressing infrastructure constraints and enabling a competitive rail environment in line with the National Rail Policy.

TRIM has been established as an Operating Division with its management by 1 April 2025, and the wholly owned subsidiary requirement is in progress in terms of the GSFA requirements.

Rail Safety Act, 2024

On 10 December 2024, the Railway Safety Act, 2024 (Act 30 of 2024) (RSA act) was assented by the President. The RSA act shall come into operation on a date fixed by the President by proclamation in the Gazette.

The RSA act regulates railway safety in South Africa and establishes the Railway Safety Regulator (RSR) and the RSR continues to exist as a juristic person under this act.

The RSA act will impact the Transnet Academy (School of Rail) as they will require accreditation by the RSR to provide training. Furthermore, the RSR will have the power to license persons employed in safety-critical grades (approximately 8 000 employees), which will result in additional administrative and financial implications to Transnet.

Railway Safety Regulator Act– determination of safety permit fees for the 2025FY and the draft Railway Safety Permit Determination Fee Model.

The safety permit fee for the 2025FY for Transnet is R126 378 866 (2024FY: 120 017 916.77). This translates into a 5,3% increase. The safety permit fee for the 2026FY is R132 192 294. This translates into a 4,6% increase in line with inflation.

The draft Railway Safety Permit Fee Determination Model sets out the methodology that will be utilised by the RSR when deciding with respect to railway safety permit fees. Transnet has questioned the assumption on which the model is based and called for a zero-base approach; however, this was not accepted by the DoT and RSR. The model also does not take into account the current rail reforms and the creation of the Infrastructure Manager, which will hold a separate permit from train operators. Transnet has submitted comprehensive comments in this regard, and further engagements are being held with the DoT and RSR.

Economic Regulation of Transport Act, 2024

On 11 June 2024, the Economic Regulation of Transport Act, 2024 (Act No. 06 of 2024) (ERT act), was assented to by the President. The ERT act provides for the establishment of a single Transport Economic Regulator to oversee and regulate economic regulation within the transport sector. It will regulate rail access arrangements, train path allocation and access fees, amongst other regulatory functions and roles.

Transnet has advocated for harmonised economic regulation methodologies for an integrated network, to enable full economic cost recovery across the network and support competitive neutrality between modes of transport.

On 19 November 2024, the President gave effect to section 71 of the ERT act, which related to the commencement of the act, where certain sections of the act have come into effect as of 1 April 2025 and 1 April 2026, respectively.

Judicial proceedings

The annual financial statements include a best estimate of expected settlement costs for judicial proceedings involving Transnet, as either defendant or plaintiff, where the outcome can be assessed with reasonable certainty. These estimates take into account the legal opinions obtained for the Group.

Contingent liabilities of the Group are disclosed in note 31 of the annual financial statements.

1 064 review application

On 9 March 2021, Transnet and the SIU jointly launched an application in the High Court to review and set aside the locomotive supply agreements concluded with four original equipment manufacturers (OEMs): China South Rail (now CRRC E-LoCo), China North Rail (now CRRC SA-Rolling Stock), Bombardier Transport (now Alstom) and General Electric (now Wabtec).

The relief sought against each OEM is specific, but includes the set aside of the contracts, for the court to award a just and equitable remedy, which will include Transnet retaining those locomotives in its possession and receiving compensation for overpayments. Limited progress was made in the litigation of the review, as the focus was on concluding settlements that would be presented to the court for consideration as the just and equitable remedy. Settlements have been reached with Bombardier Transport and Wabtec, with the High Court approving the settlement agreement concluded with Wabtec as the just and equitable remedy on 14 April 2025. The Bombardier Transport agreement is still to be presented to the High Court.

The locomotive supply agreements with CRRC E-LoCo and CRRC SA Stock Rolling Stock are currently suspended pending the outcome of the review application.

Investigation by the Competition Commission

On or around 7 July 2016, the Commissioner initiated two formal complaints against Transnet and its three operating divisions, i.e. Transnet Freight Rail (TFR), Transnet Port Terminals (TPT) and Transnet National Ports Authority (TNPA). In November 2021 the Competition Commission informed Transnet of an additional investigation that is being pursued against Transnet in respect of an anonymous complaint under case number: 2020Oct0035.

Whilst engagements are underway between Transnet and the Commission with a view to resolve all matters under investigation, it is important to note that the investigations against TFR, TPT and TNPA have been ongoing for more than seven (7) years and to date there has been no referral of any of these matters by the Commission to the Competition Tribunal. With respect to TPT and TNPA, it has been two years since the Commission communicated its preliminary findings against both parties, and its readiness to refer the matters to the Competition Tribunal for adjudication.

Engagements are underway between Transnet and the Competition Commission with a view to reach an omnibus settlement in respect of all the Competition Commission’s investigations against TPT and TFR. The Commission is in the process of obtaining inputs from some of the complainants to the draft consent order.

Special Investigating Unit and Transnet litigation (SIU)

Transnet is working closely with the SIU in recovering losses suffered. Transnet recovered R23,7 million in the financial year.

Report of the directors

for the year ended 31 March 2025

Total SA (Pty) Ltd and Sasol Oil (Pty) Ltd v
Transnet Pipelines

Total SA (Pty) Limited (TotalEnergies) and Sasol Oil (Pty) Limited (Sasol) initially brought separate action proceedings against Transnet for contractual damages amounting, cumulatively, to over R1,8 billion. Thereafter, the claims have been amended to R4,5 billion. The central basis for the actions is the contention by TotalEnergies and Sasol that, since 2008, Transnet breached the variation agreement by overcharging them for tariffs in respect of the conveyance of crude oil through Transnet’s pipelines. The trial was set down from 15 April to 3 May 2024.

On 18 June 2024, judgement was delivered against Transnet in terms of which Transnet was ordered to pay both Sasol and TotalEnergies a combined amount of R6,0 billion, which excludes interest and legal costs that Transnet has been ordered to pay. Transnet petitioned the supreme court of appeal (SCA) for leave to appeal. On 6 February 2025, the SCA refused Transnet’s petition for leave to appeal. Transnet then filed an application for reconsideration for leave to appeal with the president of the SCA. The effect of this reconsideration application is that the High Court judgement order, and thus the associated payment by Transnet, remained suspended.

Additionally, on 25 July 2022, Transnet issued summons against Sasol and TotalEnergies for short payments related to the conveyance of crude oil, amounting to R567,3 million and R290,6 million, respectively. Judge Opperman was allocated to hear the matter, and the trial was heard from 29 July to 16 August 2024. Oral arguments on the matter were heard from 29 August to 30 August 2024.

Transnet and Sasol agreed to commence a mediation process in an attempt to settle the ongoing legal disputes. On 18 May 2025 Transnet and Sasol reached a settlement, approved by the Transnet Board of Directors on 23 May 2025, in terms of which Transnet made a net payment to Sasol of R4,3 billion (excluding VAT) in full and final settlement of all the ongoing legal disputes between the parties, on 30 June 2025.

On 30 May 2025, the Transnet Board approved the R1,2 billion settlement agreement between Transnet and TotalEnergies. The settlement agreement was finalised and signed by both parties on 30 June 2025, with the settlement made on 15 July 2025.

Canal flooding

Between 11 to 13 April 2022, severe flooding and landslides caused by heavy rainfall resulted in severe damage to several canal structures owned by Transnet, such as canal walls and floors in multiple sections. These are alleged by several claimants to have contributed to the catastrophic flood of various areas, including Bayhead Precinct, Umlazi Megacity, Umlazi, and Ambrose Park, amongst others.

On 28 March to 2 April 2025, numerous summonses were served on Transnet by Norton Rose Fullbright Attorneys on behalf of various companies in the Prospecton area, alleging damages caused by the aforementioned flooding. The summonses have been submitted to the insurers to defend.

The total claimed amount on the summonses is approximately R9 billion.

Shareholder’s Compact – performance criteria

The Company presents its performance report for the 2025FY, focusing on the key performance indicators (KPIs) outlined in the Shareholder’s Compact, as agreed on by the Board of Directors and the Shareholder Representative, as part of the performance management framework for the Company. The performance data included herein has undergone an independent audit review, and the outcomes are documented in the accompanying independent auditor’s report. This report is based on the signed 2025FY Shareholder’s Compact which was later amended to include an addendum following

several relevant strategic policy changes arising from the Presidential proclamation and the amendment of the Guarantee Support Framework Agreement with National Treasury.

Performance against the Shareholder’s Compact was constrained despite significant inroads made in the recovery from a declining performance over the past few years. Out of the eighteen (18) performance measures identified for this period, only five (5) have successfully met their targets, resulting in an overall achievement rate of 27,8% for the performance indicators specified in the 2025FY Shareholder’s Compact. In response to these challenges, the organisation actively implemented initiatives from the recovery plan to address issues within the port, rail, and pipeline divisions. Noteworthy improvements have been made in terms of equipment availability and rolling stock, including a greater number of locomotives returning to service and the timely delivery of critical port equipment. These enhancements are as a result of focused efforts to refine operational processes, enhance accountability, and strengthen oversight practices.

The constrained volume performance resulted in the achievement of only two (2) out of four (4) KPIs for key performance area (KPA) 1. The overall achievement for KPA 2 for this reporting period is one (1) out of twelve (12) KPIs. Total rail volumes reached 160,1 mt, representing a deviation of 5,8% from the budgeted target of 170,0 mt. Although this target was not met, which served as a key indicator for recovery, there was an improvement in comparison to the prior year throughput of 151,7 mt. Additionally, Transnet successfully imported and exported 4 092 000 twenty-foot equivalent units (TEUs), which fell below the target of 4 416 000 TEUs. This shortfall in container handling can be largely attributed to challenges related to equipment unavailability, unreliability, and adverse weather conditions. It is also important to highlight that the performance of automotive volumes improved with 803 908 units recorded, exceeding the budget of 760 000 units by 5,8%. Furthermore, the throughput of petroleum products amounted to 13 372 million litres (ml), which represents a shortfall of 10% from the target of 14 807 ml.

In the efforts to attract private investment and establish partnerships, KPA 3 has successfully achieved both measures. The interim Infrastructure Manager has been established, complete with its own management team, dedicated staff, and clearly defined responsibilities. The recruitment process for additional executives and essential staff will commence once funding has been confirmed. The National Ports Act 12 of 2005 provides for the establishment of the Transnet National Ports Authority (TNPA) as an independent subsidiary of Transnet. This includes, among other provisions, the appointment of a Board of Directors, the drafting of the memorandum of incorporation (MOI), and the development of governance documents necessary for the formal establishment of TNPA as a subsidiary. The Board has approved the MOI, delegation of authority (DOA), and other strategic documents, which have been submitted to the National Treasury (NT) and the Shareholder Representative. Furthermore, Transnet has delivered hard copies of the PFMA notification and application to both the National Treasury and the DoT.

The following tables will present a detailed report on the performance against the 2025 Shareholder’s Compact, disclosing the performance for the said reporting period.

Performance against the 2025 Shareholder’s Compact (as at 31 March 2025)

Key performance area 1: Ensure sound financial management that safeguards financial sustainable business and resilience

Key performance indicator	Unit of measure	Target 2025	Actual 2025	Variance
Main				
1.1 EBITDA margin	%	≥34,4	37,0	7,6%
1.2 Return on investment (ROIC)	%	≥3,9	3,2	(17,9%)
1.3 Cash interest cover (CIC)	times	≥2,1	1,8	(14,3%)
1.4 Gearing	%	≤50	49,6	(0,8%)

Key performance area 2: Increase capacity for rail captive markets within 12 months (recapture lost rail market share, increase maritime connectivity and increase customer satisfaction)

Key performance indicator			Unit of measure	Target 2025	Actual 2025	Variance
2.1 Total rail volumes			million tons	170,0	160,1	(5,8%)
2.2 Container volumes			000 TEUs	4 416	4 092	(7,3%)
2.3 Automotive volumes			units	760 000	803 908	5,8%
2.4 Pipeline volumes			million litres	14 807	13 372	(9,7%)
2.5 Loss time injury frequency rate (LTIFR)			Rate	≤0,75	0,77	2,7%
2.6 Average ship turnaround time	2.6.1 DCT	Hours	≤60	101	68,3%	
	2.6.2 NCT		≤37	53	43,2%	
	2.6.3 CTCT		≤57	84	47,4%	
2.7 Container moves per ship working hour	2.7.1 DCT Pier 1	Moves per hour	≥43	36	(16,3%)	
	2.7.2 DCT Pier 2		≥51	37	(27,5%)	
	2.7.3 NCT		≥41	34	(17,1%)	
	2.7.4 CTCT		≥32	28	(12,5%)	

Key performance area 3: Partnerships and support rail reform: attract private investment and partnerships

Key performance indicator	Unit of measure	Target 2025	Actual 2025
3.1 Interim Infrastructure Manager established (with own management, dedicated staff and assigned functions)	Date	30 September 2024	Achieved. The Interim Infrastructure Manager was established with its own management, dedicated staff and assigned functions.
3.2 TNPA established as a wholly owned subsidiary	Number of milestones completed by 31 March 2025	4 - Submission of Board Approved MOI, strategic intent statement (SIS), Shareholder’s Compact, DOA and significance and materiality framework (SMF) by 30 June 2024. - Submission by 30 June 2024 of the initial due diligence report regarding the financial impact of the corporatisation of TNPA. - Submission by 31 July 2024 of pre-notification of section 54(2) of the PFMA in respect of the corporatisation of TNPA. - Submission by 1 September 2024 of section 54(2) and section 51(g)(a) requesting approval to establish TNPA.	Achieved. The Board approved Memorandum of Incorporation, Delegation of Authority and other strategic documents were submitted to National Treasury and Department of Public Enterprises. This included the submission of the initial finance due diligence and pre-notification to National Treasury and the Shareholder Representative. Transnet delivered hard copies of the PFMA notification and application to National Treasury and DoT.

Report of the directors

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Report on performance against the Guarantee Support Framework Agreement (GSFA)

Transnet applied for a guarantee from the government amounting to R47,000,000,000 in 2023 to enable it to deliver on critical maintenance requirements. The GSFA was then established with the aim of addressing Transnet's immediate liquidity challenges and to support Transnet's achievement of its turnaround plan. This financial support is contingent to Transnet meeting specific conditions outlined in the agreement which are aligned to the Roadmap for the Freight Logistics System in South Africa. Thirty-two (32) conditions were outlined in the final amended GSFA and as of 31 March 2025, only two conditions were not met, seven conditions were in progress and twenty-three conditions had been complied with. The paragraphs below will provide a detailed update on these conditions.

1. GSFA conditions not met (at 31 March 2025)

- 1.1. The establishment of the Rolling Stock Leasing Company (LeaseCo) and related conditions by 31 March 2025.

The establishment of LeaseCo seeks to promote and accelerate the inclusion and participation of private rail operators on the rail network in line with the ideals of the Freight Logistics Roadmap. The original deadline of 31 March 2025 to achieve this was not met, however Transnet is still progressing with the establishment of the Rolling Stock Leasing Company. On 26 August 2024, the transaction advisor (TA) was appointed, and has completed a bankable feasibility study (BFS) report which concluded that the transaction is financially viable. Transnet has since engaged customers to assess the extent of rolling stock required. As of 31 March 2025, prospective demands for leasing 6,605 wagons and 121 locomotives had been assessed with the intention to conclude at least two (2) commercial leases. Transnet has also adopted a two-stage external partner selection process. The first stage involving shortlisting potential bidders through a request for qualification (RFQ). This will be followed by the request for proposal (RFP) to the shortlisted bidders once all the preparatory work has been completed.

There is a sub-condition related to the establishment of the Rolling-stock Leasing Company which has been fully complied with, ie the submission of a board approved plan for the establishment of the Rolling Stock Leasing Company by 31 March 2024.

- 1.2. The disposal of the non-core property portfolio by 31 March 2025.

The sale of identified properties was meant to assist Transnet in stabilising its cash position and accordingly alleviate liquidity challenges. Transnet initially indicated to National Treasury that while some disposals would be completed by 31 March 2025, the entire disposal plan could not be finalised within the GSFA timeline due to dependencies beyond its control. Significant delays occurred in obtaining ministerial approvals for non-core asset disposals through auction, with requests submitted in November 2023 only partially approved in July 2024. Following approvals, auctioneers were appointed, and valuations completed, with auctions now set to commence. However, further delays persist due to local authority conditions, including regulatory and environmental requirements. As of 31 March 2025, Transnet has completed property disposals worth R32,4 million, though key transactions remain pending. Other sub-conditions related to the disposal of the non-core property portfolio have been fully complied with, and these are:

- 1.2.1. Submission of a Board approved plan for the disposal of Transnet's non-core property portfolio by 31 May 2024.
- 1.2.2. Submission of a list of all non-core assets for disposal with milestones and timelines with a focus to dispose of them in financial years 2024 and 2025 by 30 April 2024.
- 1.3 Reduction in operational expenses (before EBITDA) as reported for the financial year ended 31 March 2024 by 4%.

- 1.3.1 This was not achieved as reported in the 31 March 2024 annual financial statements.

2. GSFA conditions in progress (at 31 March 2025):

- 2.1. Submission of a report on the planned utilisation of the cash injection from the Durban Container Terminal Pier 2 project as soon as the transaction is finalised.

In terms of this condition, Transnet is required to obtain a ministerial approval from the Minister of Finance prior to utilisation of the funds. This transaction has been put in abeyance pending resolution/conclusion of a litigation process underway. Transnet's procurement process and award in this regard has been challenged and is undergoing legal contestation.

- 2.2. Establishment of the National Ports Authority as a wholly owned subsidiary by 30 April 2025 (and related conditions).

The establishment of TNPA as a wholly owned subsidiary poses legal and financial risks to Transnet SOC Ltd. To this end, the Minister of Transport has established a task team to address the material risks associated with this transaction. Transnet has requested approval from the Minister of Finance and Transport to relax the GSFA condition relating to the corporatisation of TNPA by 30 April 2025.

Other conditions related to this condition have been fully complied with, and these are:

- 2.2.1. Submission of a Board approved MOI, DOA, SMF and other related documents.
- 2.2.2. Submission of initial due diligence report regarding financial impact of corporatisation including the impact of cashflows, balance sheet, solvency and liquidity positions as well as apportionment of liabilities and assets.
- 2.2.3. Submission of pre-notification of section 54 (2) of PFMA in respect of corporatisation.
- 2.2.4. Submission of section 54 (2) and section 51 (g) (a) requesting approval to establish TNPA.
- 2.3. Submission of the balance sheet optimisation framework and comprehensive financial model to support the underlying assumptions of Transnet's financial forecasts, including milestones and timelines.

The balance sheet optimisation report was approved by the Board on 17 February 2025 and accordingly submitted to DoT and NT. The Transnet Board must still present the balance sheet optimisation to the Ministers of Transport and NT.

- 2.4. Establishment of the Infrastructure Manager (and related conditions).

The interim Infrastructure Manager with its own management, dedicated staff and assigned functions was established by 30 September 2024 in line with the GSFA conditions. A significant number of staff have been transferred from Transnet Freight Rail, and a Chief Executive has been appointed to head this division.

Processes are underway for the establishment of the Rail Infrastructure Manager as a wholly owned subsidiary by 30 September 2025. Transnet is in the process of finalising the appointment of the corporatisation steering committee to start the due diligence processes in this regard.

Capacity allocation onto the network is set for completion three months following the publication of the network statement, which was published on 20 December 2024. The assessment process, from applications review to final award, is currently underway. Additionally, train operating companies are required to secure safety permits from the RSR. Slots will be allocated to applicants who meet all requirements, with priority given to those that are ready to operate in the current and next financial year.

Other conditions related to the establishment of the Rail Infrastructure Manager have been fully complied with:

- 2.4.1. Establishment of an Interim Infrastructure Manager with its own management, dedicated staff and assigned functions by 30 September 2024.
- 2.4.2. Publication of draft network statement by 15 March 2024.
- 2.4.3. Publication of final network statement 30 days after the Interim Rail Economic Regulator (IRER) recommendation.
- 2.4.4. Code of conduct for staff allocated to Infrastructure Manager as well as transfer pricing regime.

3. GSFA conditions fully complied with (at 31 March 2025):

- 3.1. A comprehensive Board approved turnaround plan, which is aligned to the "Roadmap for the Freight Logistics System in South Africa" was submitted by 29 February 2024.
- 3.2. An appropriate performance management system with clear KPIs and financial and non-financial incentives was designed and completed by 31 March 2024. A new digital performance management system enabling consequence management and incentive management went live on 1 April 2024. Several conditions were incorporated in the 2025FY Shareholder's Compact and the 2025FY executive performance contracts.
- 3.3. Submission of a board approved business case, incorporating ownership by the private sector, for the development and operation of a chrome and magnetite terminal in the Port of Richards Bay and a new bulk Manganese Terminal in the Port of Ngqura was submitted by 30 April 2024.
- 3.4. Submission of a report on the planned capital expenditure (split between maintenance and expansionary or new capital expenditure) was made with the Corporate Plan on 29 February 2024.
- 3.5. Submission of a reconciliation of R2,9 billion allocated to Transnet in the Special Appropriation Act No. 18 of 2022 which was provided for the maintenance of locomotives was shared with the National Treasury team by 31 January 2024.
- 3.6. Additional savings in operating expenses for the financial year ended 31 March 2025 was achieved with savings of 4,9% reported in the 31 March 2025 annual financial statements.
- 3.7. Any transactions undertaken in terms of section 54 of the PFMA to be subject to approval of the Minister of Finance as well as the Minister of Public Enterprises (currently Minister of Transport). This is an on-going condition, and Transnet continues to ensure compliance.
- 3.8. Transnet requires the approval of the Minister of Finance in terms of the financing raised against the Guarantee before concluding any agreements. This is an on-going condition, and Transnet continues to ensure compliance.
- 3.9. The guarantee provided in terms of this agreement shall be ring-fenced solely for the purpose of securing new debt. The ring-fenced guarantee shall not be available to cover any exiting obligations of Transnet. This is an on-going condition, and Transnet continues to ensure compliance.

- 3.10. Establishment of a monitoring committee, convening monthly and comprising representatives from the National Treasury and the Department of Public Enterprises (while it existed) and DoT to monitor, amongst others, Transnet's financial performance, progress with developing and implementing the turnaround plan and compliance with the conditions of the guarantee. The monitoring task team will remain in place until such time that both Ministers of Finance and Public Enterprises are satisfied with the sustainability of Transnet. This is an on-going condition, and Transnet continues to ensure compliance. Monthly monitoring meetings are convened between the Shareholder Representative (currently DOT), National Treasury and Transnet.

- 3.11. Weekly cash flows with explanatory summary note to the monitoring task team are submitted weekly to the NT team.

- 3.12. Monthly reports are submitted to the NT covering the following areas listed in the agreement:

- i. The utilisation of the guarantee with regards to working capital, risk adjustments and sensitivities.
- ii. Tracking mechanism on all conditions, commentary on any outstanding and estimated timeline by when they will be met.
- iii. Tracking mechanism of key levers from the turnaround plan.
- iv. Progress regarding the rehabilitation of long-standing out of service locomotives.
- v. Progress regarding the reduction in operational expenditure against the set target.
- vi. 12-month rolling cash flow forecast to track material upcoming cash outflows and assess overall cash position.
- vii. Co-operation with the Interim Rail Regulator Capacity (IRERC) in executing its mandate and timeous compliance with information requests.

- 3.13. Transnet, in co-operation with the DoT, currently responds to information requests received in the development of the National Rail Master Plan and conforms to the private sector participation framework and the establishment of the private sector participation (PSP) unit. To this end, Transnet has already put in place a PSP unit to drive the execution of the transactions.

- 3.14. The independent financial advisor to assist with building a balance sheet optimisation framework and comprehensive financial model was appointed by 31 May 2024. The balance sheet optimisation report was approved by the Board on 17 February 2024 and submitted to DOT and NT. The Transnet Board will present the balance sheet optimisation to the ministers of DOT and NT.

Remuneration report

Details of director's remuneration are included in note 38 of the annual financial statements. A detailed remuneration report is included in the integrated report, on pages 38 to 42.

Accounting policies

for the year ended 31 March 2025

The consolidated financial statements for the year ended 31 March 2025 comprise the Company and its subsidiaries (the Group) and the Group's interest in associates and joint ventures. The consolidated financial statements were authorised for issue by the Board of Directors on 28 August 2025.

Transnet has applied Directive 12 The Selection of an Appropriate Reporting Framework by Public Entities; issued by the Accounting Standards Board. The directive states that “An entity shall apply International Financial Reporting Standards (IFRS) as its reporting framework if it meets the criteria in paragraph 11. Otherwise it shall apply Standards of GRAP”.

Paragraph 11 provides that “In assessing whether an entity shall apply IFRS Standards, it considers whether it meets one of the following criteria:

- (a) the entity is a financial institution;
- (b) the entity has ordinary shares or potential ordinary shares that are publicly traded on capital markets; or
- (c) its operations are such that they are:
 - (i) commercial in nature; and
 - (ii) only an insignificant portion of the entity's funding is acquired through government grants or other forms of financial assistance from government.”

Transnet satisfies the criteria in paragraph 11 as its operations are of a commercial nature which aim to provide services to generate profits, and only an insignificant portion of the entity’s funding is acquired through government grants or other forms of financial assistance from government.

In addition, as an entity with publicly listed debt, Transnet is required in terms of the listing requirements of the Johannesburg Securities Exchange, London Stock Exchange and the Luxembourg Stock Exchange to prepare its financial statements under IFRS. Transnet therefore prepares its financial statements in accordance with IFRS.

Statement of compliance

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and applicable legislation.

Critical judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of equity, assets and liabilities, revenue and expenses. The estimates and underlying assumptions are based on historical experience, independent experts' advice and other factors that are considered to be reasonable under the circumstances. Actual results may differ from estimates. Judgements, estimates and assumptions that have a significant effect on the financial statements are disclosed in the relevant notes to the financial statements.

Basis of preparation

The consolidated financial statements are presented in South African Rand, which is the Company's functional currency, rounded to the nearest million.

The financial statements are prepared on the going-concern basis using accrual accounting and the historical cost convention, except for certain financial instruments and investment property which are measured at fair value, non-current assets held-for-sale which are measured at the lower of carrying amount and fair value less costs-to-sell and certain classes of property, plant and equipment which are measured using the revaluation model.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the transaction date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes is determined on the above basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value-in-use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years and are consistently applied across the Group.

Basis of consolidation

Subsidiaries

Subsidiaries (including structured entities) are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements include the results of subsidiaries from the effective date of acquisition to the effective date of disposal.

The Group applies the acquisition method to account for business combinations. The cost of acquisition for a subsidiary is the fair value of the assets transferred, the liabilities incurred to the previous owners and equity interests issued by the Group. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence that the asset transferred is impaired.

Equity accounted investments

Equity accounted investments comprise investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements. The investments are measured at cost, including goodwill, plus the Group's share of post-acquisition reserves less any accumulated impairment losses.

Associates

Associates are entities over which the Group exercises significant influence, but not control or joint control of the financial and operating policies of the entity. Significant influence is presumed in instances where the Group has an equity stake greater than 20% but less than 50% in an entity.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and another party undertake an economic activity that is subject to joint control, i.e. where decisions about the relevant activities require the unanimous consent of the parties sharing control and the parties to the joint venture have rights to the net assets of the arrangement.

Unrealised profits and losses on transactions with equity-accounted investees are eliminated to the extent of the Group's interest in the equity-accounted investees, except to the extent that the losses provide evidence that the asset transferred is impaired.

A list of significant subsidiaries, associates and joint ventures is provided in note 37 of the annual financial statements.

Separate financial statements

In the Company's separate financial statements, investments in subsidiaries and equity-accounted investees are measured at cost less any accumulated impairment losses.

Revenue

Revenue from contracts with customers

Revenue is recognised when control of promised goods or services is transferred to a customer at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. The Group accounts for contracts with customers when it has approval and commitment from both parties, each party's rights have been identified, payment terms are defined, the contract has commercial substance and collection of the consideration is probable.

For contracts that involve multiple performance obligations, the Group allocates the transaction price to each performance obligation in the contract based on relative stand-alone selling prices and recognises revenue as and when each performance obligation in the contract is satisfied. Where stand-alone selling prices are not available, the Group estimates the stand-alone selling price based on the expected cost-plus margin approach.

Certain customer agreements include variable consideration in the form of take-or-pay charges, volume-based rebates or discounts, penalties and additional revenue based on meeting certain performance targets which affect the transaction price. Variable consideration is recognised as revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is resolved. Variable consideration is recognised based on management's best estimate of the expected amount, taking into account available historical, current and forecasted information – and where applicable, following verification processes or confirmation with the customer. The estimated amount of variable consideration is reassessed at the end of each reporting period.

Revenue is recognised net of value-added tax, and excludes amounts collected on behalf of third parties.

Payments received from customers in advance of the Group satisfying its performance obligations are initially recognised as contract liabilities. Amounts owing to the Group for goods or services rendered but not yet invoiced are recognised in the financial statements as contract assets.

The Group applies the following practical exemption in IFRS 15:

- The Group does not adjust the consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of goods or services to a customer and payment will be one year or less.

The Group generates revenue from the following principal activities:

Freight Rail

Freight Rail generates revenue from the transportation of bulk, break-bulk and containerised freight over the Group's rail network, rail network access services– including train control, haulage and engineering services; and from the provision of broadband electronic communication services through its fibre optic cable network.

Rail freight services are based either on the standard conditions of carriage, the rail transport agreement, and where applicable, customer-specific contracts that establish the terms and conditions for rail freight services offered by the Group. For revenue recognition purposes, an agreement for the movement of freight over rail exists when a service request is received from a customer and is accepted by the Group.

The transaction price is generally determined for each customer when the service request is received based on their requirements, except where there is a customer-specific contract in place, in which case the contractual rates will apply.

Revenue from the movement of freight over rail is recognised over time over the period of the contract and is measured based on the volumes delivered to the customer. This method provides a faithful depiction of the Group's transfer of services to the customer as the performance obligation is satisfied on delivery of the consignment to the customer.

Revenue from rail network access services is recognised overtime as the services are rendered to the customer. The transaction price for each service is determined on a cost-plus margin basis.

Revenue from the provision of broadband electronic communication services is recognised over time, based on the services provided to the customer during the period.

The payment terms are 25 days from statement date– which is generally the 25th day of the month.

Engineering

- Engineering generates revenue from the following services:
- Manufacture, assembly, and supply of rolling stock (new and refurbished) and related components;
 - Overhaul and refurbishment of rolling stock;
 - Ad-hoc maintenance of rolling stock and specialised equipment;
 - Supply of spare parts; and
 - Shipping.

Under the terms of the contracts with customers, the Group is restricted from redirecting the items manufactured or maintained to another customer and has an enforceable right to payment for work done.

The revenue is recognised over time as services are rendered using the cost-to-cost method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Contract costs exclude any amounts incurred that do not contribute to the Group's progress in satisfying its performance obligations. As costs are generally incurred uniformly as the work progresses and are proportionate to the Group's performance, the cost-to-cost method provides a faithful depiction of the Group's transfer of goods and services to the customer.

The Group applies judgement in measuring variable consideration arising from contractual penalties based on historical information and the latest estimates of progress on the contract compared to targets.

Accounting policies

for the year ended 31 March 2025

A contract asset is recognised over the period in which the services are performed representing the Group's right to receive consideration for services performed to date which have not yet been invoiced. The Group invoices customers on attainment of contractual milestones. At this point, contract assets are reclassified to trade receivables. If a milestone payment exceeds the revenue recognised to date under the cost-to-cost method, the Group recognises a contract liability for the difference.

Certain goods sold by Engineering include warranties which require the Group to correct defective products during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such "assurance-type" warranties are not separate performance obligations and no revenue is allocated to them. Instead, a provision is raised for the costs of satisfying the warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The payment terms are 25 days from statement date– which is generally the 25th of the month.

National Ports Authority

National Ports Authority generates revenue from the provision of access to port infrastructure, including waterside and landside services; provision of port services which includes pilotage, berthing, craft assistance and ship repairs among others, and commission from the collection of levies from customers on behalf of the South African Maritime Safety Authority (SAMSA).

For revenue recognition purposes, an agreement for the provisions of access to port infrastructure services and port services exists when an order is received from a customer, is accepted by the Group and the vessel has called into the port.

The transaction price for access to port infrastructure services and port services is regulated and is based on published tariffs for each service as determined by the Ports Regulator of South Africa.

Revenue in respect of access to the port infrastructure is recognised over-time at the applicable tariff based on time spent by the vessel within the port. Revenue in respect of port services is recognised over-time at the applicable tariff based on the actual activity or work performed to date on the vessel. Commission received from collection of levies on behalf of SAMSA is recognised as a percentage of the revenue collected from customers during the period.

The payment terms are 25 days from statement date– which is generally the 25th of the month.

Port Terminals

Port Terminals generates revenue from the handling and storage of cargo at various port terminals across South Africa. For revenue recognition purposes, an agreement for the handling and storage of cargo exists when an order is received from a customer and is accepted by the Group.

The transaction price in respect of containers is based on published tariffs, and for non-container cargo is based either on the base price applicable to all customers or, where applicable, on the contractual rate agreed with the customer.

Revenue is recognised over time based on actual volumes handled (loading/unloading of vessels) and actual storage time provided to the customer.

Performance based variable consideration arising from the handling of cargo is constrained due to the fact that the achievement of targets is affected by a number of factors outside the control of the Group, including the weather. The revenue is only recognised when the work on the vessel is complete and the agreed targets have been met.

The payment terms are 25 days from statement date– which is generally the last day of the month.

Pipelines

Pipelines generates revenue from transportation of petroleum products (crude, refined and avtur) and gas products through the Group's pipeline network, handling and storage of refined products and additive dosing.

For revenue recognition purposes, the acceptance of an order placed by the customer constitutes an agreement concluded by the Group and the customer in respect of services to be rendered.

The transaction price for the transportation of petroleum and gas products, and the handling and storage of refined petroleum products is regulated and is based on published tariffs as determined by the National Energy Regulator of South Africa. The transaction price for additive dosing of refined products is based on the contractual rate agreed with the customer.

Revenue from transportation of petroleum and gas products is recognised overtime and is measured based on the volumes delivered to the customer. This method provides a faithful depiction of the Group's transfer of services to the customer as the performance obligation is satisfied on delivery of product to the customer. Revenue from handling and storage of refined products and additive dosing is recognised over time as the Group renders services to the customer.

The payment terms are 25 days from statement date– which is generally the last day of the month.

Other revenue

Lease income

National Ports Authority, Properties and Freight Rail generate revenue from the leasing of certain investment property and property, plant and equipment. Lease income is recognised on a straight- line basis over the lease term in accordance with the substance of the relevant agreements. Lease incentives granted are recognised as an integral part of the total lease income.

Other income

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received, and all relevant conditions will be complied with.

Where the grant relates to an expense item, it is recognised as income in profit or loss over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset on a straight-line basis.

Dividend income

Dividend income is recognised on the date the Group's right to receive payments is established, which in the case of quoted securities is the ex-dividend date.

Finance income and finance costs

The Group's finance income and finance costs comprise:

- Interest income;
- Interest expense, including amortisation of discounts and premiums on bonds;
- Foreign exchange gains and losses; and
- Net gains or losses on derecognition of financial assets and financial liabilities carried at amortised cost.

Finance costs excludes amounts capitalised to qualifying assets (see below).

Interest income and interest expense are recognised separately in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs

Borrowing costs comprise interest expense, foreign exchange gains and losses, to the extent that they are regarded as an adjustment to the interest expense, and hedge accounting adjustments where applicable.

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset when; (a) it incurs expenditures on the asset, (b) it incurs borrowing costs, and (c) the activities necessary to prepare the asset for its intended use or sale are in progress. Capitalisation is suspended when active development of the qualifying assets is suspended for an extended period. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The Group defines a qualifying asset as one that necessarily takes more than six months to get ready for its intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the Group capitalises the actual borrowing costs incurred less any investment income on the temporary investment of the borrowed funds. To the extent that a qualifying asset is funded through general borrowings, the Group determines borrowing costs eligible for capitalisation by applying the weighted average cost of borrowings in the period, other than borrowings raised specifically for the purpose of obtaining qualifying assets, to the expenditures on qualifying assets.

Should a specific borrowing remain outstanding after the related asset is ready for its intended use or sale, it becomes part of the general borrowings pool for purposes of calculating the capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currency transactions

The Group's functional and presentation currency is the South African Rand. Transactions in currencies other than the Rand are defined as foreign currency transactions. Transactions in foreign currencies are translated into Rand at exchange rates ruling on transaction date or at the average rate of exchange for transactions that occur regularly throughout the year.

Monetary assets and liabilities denominated in foreign currencies are translated into Rand at the rate of exchange ruling at the reporting date. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rates ruling at the original transaction date, while those items measured at

fair value are translated at the exchange rate ruling when the fair value was determined.

Exchange differences are recognised in profit or loss as finance costs in the period in which they arise except for:

- Exchange differences relating to assets under construction which are included in the cost of those assets to the extent they are regarded as an adjustment to interest costs on foreign currency borrowings – see above under '*Borrowing costs*';
- Exchange differences on hedges of foreign currency risk – see below under '*Derivative financial instruments and hedge accounting*'; and
- Exchange differences on monetary items receivable from or payable to a foreign operating entity for which settlement is neither planned nor likely to occur, which form part of the net investment in the foreign operation and are initially recognised in the foreign currency translation reserve and subsequently recognised in profit or loss on disposal of the investment.

Fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of foreign exchange ruling at the reporting date.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of related hedges, where hedge accounting is applied, are recognised in equity. Upon disposal, the translation differences are recognised in profit or loss as part of the gain or loss on disposal.

Tax

Income tax for the period comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case the tax is also recognised in equity.

Current tax

Current tax is the amount of income taxes payable in respect of the taxable profit for the current period and any adjustment to tax payable in respect of previous years. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if it arises from the initial recognition of goodwill, the initial recognition of assets and liabilities, other than in a business combination, which affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is probable they will not reverse in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that it will not reverse in the foreseeable future. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The Group assesses the recoverability of its deferred tax assets annually when it prepares its Corporate Plan, taking into consideration the expectation of future taxable profits and availability of sufficient taxable temporary differences against which the deferred tax assets can be utilised.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which

Accounting policies

for the year ended 31 March 2025

the Group expects to recover or settle the carrying amount of its assets and liabilities, by applying tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Group has the legal right to and intends to settle its current tax assets and liabilities on a net basis.

The Group assesses its intention at the reporting date on recovering an asset or liability to the extent that this intention influences the rate of taxation to be applied in calculating deferred taxation. The Group recognises deferred taxation as follows:

Land

As land is deemed to be realised through sale, there is no deferred tax effect on the difference between the tax base and the original cost of the land. Deferred taxation is calculated on the difference between the carrying amount and the capital gains taxation (CGT) base cost at the CGT rate.

Assets in respect of which no taxation allowances are granted

No deferred taxation is raised in the case where neither the accounting nor the taxation profit is affected. Where the asset is revalued, deferred taxation is calculated based on the Group's intention. Where the intention is to sell the asset, deferred taxation is raised at the CGT rate on the difference between the CGT base cost and the revalued carrying amount. Where the intention is to use the asset, deferred taxation is raised at the usage rate on the difference between the taxation base and the revalued carrying amount.

Assets (other than land) carried at cost

Where an asset is carried under the cost model and a taxation allowance is available to be claimed against the asset, deferred taxation is calculated on the difference between the carrying amount and the taxation base at the usage rate.

Assets (other than land) carried at the revalued amount with the intention to use

As the future benefits are expected to flow from the use of the assets, deferred taxation is calculated at the usage rate on the difference between the taxation base and the revalued carrying amount.

Assets (other than land) carried at the revalued amount with the intention to sell

Where the intention is to recover the benefits of the asset through sale, deferred taxation is calculated at usage rate on the difference between the taxation base and the original cost, and at the CGT rate on the difference between the CGT base cost and the revalued carrying amount.

Assets (other than land) carried at the revalued amount with the intention to use and sell

Where the intention is to recover the benefits of the asset through both use and sale, deferred taxation is calculated to reflect this intention. Deferred taxation is calculated at the usage rate on the difference between the taxation base and the original cost, at the CGT rate on the difference between the CGT base cost and the future selling price (residual value), and at the usage rate on the difference between the future selling price and revalued carrying amount.

Investment property (other than land) carried at fair value

Deferred taxation on depreciable investment property (i.e. buildings) carried at fair value is calculated at the usage rate on the difference between the taxation base, where taxation allowances are available, and the original cost, and at the CGT rate on the difference between the CGT base cost and the fair value. Where the depreciable investment property is held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset, deferred taxation is calculated at the usage rate on the difference between the taxation base and fair value.

Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are initially recognised at cost, and subsequently stated at cost or revalued amount less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of an asset including, where applicable, cost of materials, direct labour, an appropriate allocation of overheads, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, capitalised borrowing costs and adjustments in respect of cash flow and fair value hedges.

Capital work-in-progress comprises expenditure incurred in the construction, manufacture or production of assets which are not yet completed and are therefore not available for use. Advance payments to original equipment manufacturers in respect of the construction, manufacture or production of these assets are included in capital work-in-progress when all conditions precedent under the contract have been met, the activities that are necessary to prepare the asset for its intended use, including technical and administrative work, are in progress and the Group has control over the assets under construction or production. Borrowing costs are capitalised in accordance with the accounting policy on *borrowing costs*.

Where components of an item of property, plant and equipment have a cost that is significant in relation to the total cost of the item and have different depreciation methods or useful lives, they are accounted for as separate components of property, plant and equipment.

Spare parts, standby and servicing equipment are classified as property, plant and equipment if they are expected to be used during more than one period. Otherwise, they are classified as inventory.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of the item when it is probable that the future economic benefits will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised as expenses when incurred.

Costs of major repairs and overhauls of property, plant and equipment are recognised as separate components of the asset if the recognition criteria are met. The carrying amount of components that are replaced is derecognised.

Assets measured using the revaluation model

The asset classes in the table below are carried at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by applying internationally recognised and appropriately benchmarked valuation techniques and are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined at the end of the reporting period.

The Group applies the following valuation methods in revaluing its assets:

Asset class	Revaluation method
• Rail infrastructure	• Depreciated optimised replacement cost *
• Port infrastructure	• Discounted cash flows
• Port operating assets	
• Pipeline networks	

** Formal revaluations are performed by independent professional valuation experts on a three-year cycle. Indexation of the depreciated replacement cost based on appropriate indices is applied in the intervening periods where appropriate and the change in fair values is significant.*

Management assesses the reasonableness of the fair values determined using the different methods above and selects the point within the range that is most representative of the fair value of the assets in the circumstances.

Revaluation surpluses are recognised in the revaluation reserve in equity, except to the extent that they reverse a revaluation decrease for the same asset previously recognised in profit or loss, in which case the surplus is credited to profit or loss. A revaluation decrease in the carrying amount of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, in the revaluation reserve relating to a previous revaluation of the same asset.

When an item of property, plant and equipment is revalued, the gross carrying amount and any accumulated depreciation at the date of revaluation are adjusted in a manner consistent with the revaluation of the carrying amount of the asset.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life, or the lease term, if shorter, of each item or component of an item of property, plant and equipment, unless it is capitalised as part of the cost of another asset such as inventories or assets under construction in accordance with the applicable accounting standard. Land (excluding land improvements) and capital work-in-progress are not depreciated.

Major repairs and overhauls are depreciated over the remaining useful life of the related asset or to the date of the next major repair or overhaul, if shorter. Depreciation commences when the asset is available for use. Property, plant and equipment are depreciated over the following periods:

Asset class	Years
Land improvements	5 – 30
Buildings and structures	10 – 50
Buildings and structures components	5 – 25
Permanent way and works	3 – 95
Rail infrastructure	3 – 95
Aircraft including components	8 – 15
Pipelines, including network components	6 – 75
Port infrastructure	12 – 100
Floating craft including components	5 – 40
Port operating assets, including components	3 – 40
Rolling stock	30 – 60
Rolling stock components	25 – 60
Containers	10 – 20
Vehicles	3 – 15
Machinery, equipment and furniture	3 – 50

The useful lives, depreciation methods and the residual values of assets are reviewed and adjusted annually, if appropriate. Changes resulting from this review are accounted for prospectively as a change in accounting estimate.

Derecognition

Items of property, plant and equipment are derecognised when they are either disposed of or when no future economic benefits are expected to flow from their use or disposal. Gains or losses arising from the disposal, write-off or retirement of an item of property, plant and equipment are calculated as the difference between the sales proceeds (if any) and the carrying amount of the asset and are recognised in profit or loss.

On disposal or derecognition of a revalued asset, the revaluation surplus previously included in the revaluation reserve in respect of that asset is transferred to retained earnings.

Investment property

Recognition and measurement

Investment property is land or a building or a portion thereof held by the Group to earn rentals and/or for capital appreciation, including properties under construction for such purposes. Investment property is initially measured at cost. Subsequent to initial recognition, investment property is measured at fair value as determined at each reporting date. Gains and losses arising from changes in the fair value, after deducting the straight-line rental income accrual (deferral), are recognised in profit or loss in the period in which they arise.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference between the carrying amount of the item immediately prior to transfer and its fair value is treated as a revaluation in accordance with the accounting policy on revaluation of *property, plant and equipment*.

If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment and its fair value at the date of the reclassification becomes its deemed cost for subsequent accounting purposes.

Accounting policies

for the year ended 31 March 2025

The Group has properties with multiple buildings on a single erf or multiple erfs called a precinct. Some buildings within the precinct may be owner-occupied and others rented to third parties or vacant.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion held for use in the production or supply of goods or services or for administrative purposes (owner-occupied). If the portions could be sold separately or leased out separately under a finance lease, the Group accounts for the different portions separately as investment property or property, plant and equipment. If the portions are not separable, the entire property is only classified as investment property if an insignificant portion is owner-occupied; otherwise the entire property is classified as property, plant and equipment.

Properties which were acquired for administrative purposes but are currently occupied by a third-party tenant with a long-term lease in excess of five years are classified as investment property even though there may be no plans to dispose of the assets. If the lease term is less than five years, the asset is not classified as investment property.

The Group's intention in respect of *back of port properties* is to hold them strategically for future development. Until the future strategic purpose of these properties is formalised through the relevant governance structures, they are held for capital appreciation and classified as investment property.

Valuation

For valuation purposes the Group applies the income approach using the capitalisation method and the discounted cash flows method. The capitalisation method entails the capitalisation of the normalised net annual income from the property using market derived capitalisation rates to determine the fair value. The discounted cash flows method involves discounting future net cash flows of the property using an appropriate market rate which reflects the risks inherent in the net cash flows and is assessed for reasonableness by benchmarking against recent comparable sales and surveys. Vacant land held for capital appreciation or future development is valued in terms of the comparison method which takes into consideration the market prices of similar recently sold properties. Where information required to apply the above methods is not available, the depreciated replacement cost method is applied.

Full valuations by an external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued are obtained on a rotational basis, ensuring that at least one-third (1/3) of the investment property portfolio is valued by an external independent valuer each year, and all properties in the portfolio are valued by an external independent valuer at least once in a three-year cycle. The directors value the remaining properties annually based on desktop valuations performed on a similar basis by Transnet's qualified internal valuers.

Derecognition

Investment property is derecognised when it is either disposed of or permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset on retirement or disposal is recognised in profit or loss.

Intangible assets

Software and licences

Software and licences are initially recognised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

The cost of licences is amortised to profit or loss on a straight-line basis over the licence period. Costs of maintaining computer software programs are recognised as an expense as incurred.

Research and development

Expenditure incurred on research to gain new technical knowledge and understanding, including conceptual studies, pre-feasibility studies and feasibility studies that do not satisfy the requirements for capitalisation as development expenditure is recognised as an expense when incurred.

Development expenditure on the production of new or substantially improved products or processes, including feasibility studies, is recognised as an asset if the costs can be measured reliably, the products or processes are technically and commercially feasible, future economic benefits are probable, and the Group intends to, and has sufficient resources to complete development and to use or sell the product or process.

Cost includes expenditure on materials, direct labour and an allocated portion of project overheads. Development costs that do not meet the recognition criteria are recognised in profit or loss as incurred.

Servitudes

Servitudes arising from a binding agreement are recognised as either a separate intangible asset or as part of the related item of property, plant and equipment – depending on whether the intangible or tangible asset is considered the more significant element of the combined asset.

Amortisation

Intangible assets not yet available for use are not amortised and are measured at cost less accumulated impairment losses. Intangible assets with a finite useful life are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, and the effect of any changes is accounted for prospectively as a change in accounting estimate. The estimated useful lives are as follows:

Asset class	Years
Software	3 – 5
Licences	Licence period

Derecognition

Intangible assets are derecognised when they are either disposed of or when no future economic benefits are expected from their use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount of the asset on derecognition is recognised in profit or loss.

Impairment of non-financial assets

The Group's tangible and intangible assets, other than investment property, non-current assets held-for-sale, inventories and deferred tax assets are assessed for indicators of impairment at each reporting date. Indicators of impairment include factors such as a change in the use of the asset, technological obsolescence, physical damage, change in market conditions – including interest rates, change in the legal environment and other factors affecting the economic performance of the asset. If such indicators exist, the recoverable amount of the asset is estimated. Intangible assets not yet available for use are tested for impairment annually and whenever there are indicators of impairment.

Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Group considers each operating division as a separate cash-generating unit.

If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of the balance in the revaluation reserve relating to the same asset. Impairment losses recognised in respect of a cash-generating unit are allocated to reduce the carrying amount of the assets in the cash-generating unit on a pro-rata basis.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value-in-use. Fair value less costs of disposal is the current market value of the asset less any costs relating to the realisation of the asset. In assessing the value-in-use, the expected future cash flows from the asset are discounted to their net present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flows have not been adjusted.

Reversal of impairment

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates previously used to determine the recoverable amount, to an amount not higher than the carrying amount that would have resulted, net of depreciation or amortisation, had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Financial instruments

Recognition and initial measurement

Trade receivables, lease receivables and debt instruments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (except for trade receivables without a significant financing component) or financial liabilities are initially measured at fair value plus or minus, for items not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to their acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). If the Group determines that the fair value at initial recognition differs from the transaction price, the Group nevertheless recognises the financial instrument at its fair value and accounts for the difference at that date as follows:

- If the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the Group recognises the difference between the fair value at initial recognition and the transaction price, also referred to as a “*day 1 profit or loss*” in profit or loss on the fair value line.

- In all other cases, the Group defers the *day 1 profit or loss* on the Statement of Financial Position in “*other financial assets*”. After initial recognition, the Group recognises the deferred day 1 profit or loss in profit or loss – on the fair value line – only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability. Any amounts not recognised in profit or loss before the date of maturity or derecognition of a financial instrument are recognised in profit or loss on that date.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at either (i) amortised cost, (ii) at fair value through other comprehensive income (FVTOCI), or (iii) at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial instruments are reclassified on the first day of the financial year following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost include trade and other receivables, contracts assets, repurchase agreements, commercial paper, short-term deposits and cash and cash equivalents. Cash and cash equivalents comprise cash at bank and on hand, and highly liquid instruments which are readily convertible to known amounts of cash within 90 days from date of acquisition, subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts that form an integral part of the Group's cash management.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The Group's financial assets measured at FVTOCI include investments in equity investments designated as such on initial application of IFRS 9.

All financial assets not classified as measured at amortised cost or at FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed, and the information provided to management; namely the Group EXCO. The Group considers the following sources of information in making the assessment:

- The stated policies and objectives of the portfolio and operation of these policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How the managers of the assets are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. The Group also considers the following:

- Contingent events that could change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

The assessment also includes whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par-amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified as at FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition.

The Group's financial liabilities measured at amortised cost include bonds, loans, trade and other payables and accruals.

A financial liability may be designated at FVTPL on initial recognition if: (a) the contract contains one or more embedded derivatives, (b) such designation would eliminate an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains or losses on them on different bases, or (c) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to management.

Financial liabilities at FVTPL are measured at fair value and the net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense, foreign exchanges gains and losses and gains or losses on derecognition are recognised in profit or loss as finance charges, unless they are capitalised to the cost of qualifying assets in accordance with IAS 23 *Borrowing Costs*.

Impairment of financial assets

The Group uses all available information, in assessing and measuring expected credit losses (ECLs), including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2).

Stage 3 covers financial assets that have objective evidence of impairment at the reporting date.

Under the general approach in IFRS 9, “12-month expected credit losses” are recognised for stage 1 – except for trade and lease receivables and contract assets, where the simplified approach is applied, and “lifetime expected credit losses” are recognised for stages 2 and 3.

The Group recognises loss allowances for expected credit losses on:

- Financial assets measured at amortised cost, which includes trade and lease receivables, short-term deposits and bank balances;
- Contract assets (as defined in IFRS 15 *Revenue from Contracts with Customers*); and
- Debt investments measured at FVTOCI.

Trade and lease receivables and contract assets

The Group applies the simplified approach in IFRS 9 in measuring expected credit losses which uses a lifetime ECLs allowance for all trade and lease receivables and contract assets. To measure the ECLs; trade and lease receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work-in-progress and have substantially the same credit risk characteristics as the trade receivables for the same types of contracts. The Group therefore applies the same probability of default rates for trade receivables and the related contract assets.

The expected credit loss rates are based on the payment profiles of customers over a 5-year period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables. This includes the customer's credit risk profile, including their latest credit scores, the general macro-economic conditions as well as industry sector specific conditions affecting the Group's customers.

Short-term deposits and bank balances

The Group's short-term deposits and bank balances, which are carried at amortised cost are considered to have low credit risk, and the expected credit loss allowance recognised on these assets is therefore limited to 12-months ECLs. Short-term deposits and bank balances are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

If the Group considers that credit risk on a financial instrument has increased significantly since initial recognition, the expected credit losses are estimated based on the lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Subsequent measurement and gains and losses

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless they are part of an effective hedge accounting relationship (see policy on derivative financial instruments and hedge accounting).
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.
Debt investments at FVTOCI	Subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVTOCI	Subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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Event of default

The Group considers the following as constituting an event of default:

- The debtor is more than 90-days past due (60 days for Transnet Properties lease debtors); or
- Information developed internally or obtained from external sources indicates that debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on estimated future cash flows of the financial asset have occurred.

The evidence that a financial asset is credit-impaired includes observable data about the following events.

- Significant financial difficulty of the debtor or issuer;
- A breach of contract such as default;
- Restructuring of a debt, loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Measurement and recognition of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive) – calculated either on the 12-month or lifetime expected credit losses as applicable – see above. Expected credit losses are discounted at the effective interest rate of the financial asset.

For lease receivables, the cash flows used in determining the expected credit losses are consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 *Leases*.

Expected credit losses are calculated on the outstanding credit balances excluding value added tax. (refer note 36 for further details on the ECLs).

Presentation of allowance for expected credit losses

The Group recognises an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment valuation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which: (a) substantially all the risks and rewards of ownership of the financial asset are transferred, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Transfers of financial assets such as trade receivables under debt discounting arrangements that do not transfer substantially all the risks and rewards from the Group of the transferred assets are not derecognised.

Write-off

The gross carrying amount of a financial asset is written-off or derecognised (either partially or in full) when all attempts to recover the outstanding amount have failed or there is no realistic prospect of recovery; e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. The amount written-off is recognised as a reduction to the allowance for ECLs.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss, as a reduction to the impairment loss for the period.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when the terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative financial instruments and hedge accounting

Derivative financial instruments

The Group holds derivative financial instruments to hedge foreign currency risk, interest rate risk, commodity risk and other market exposures.

Embedded derivatives in non-derivative host contracts that are not financial assets (e.g. financial liabilities) are accounted for separately when (i) they meet the definition of a derivative, (ii) their risks and characteristics are not closely related to those of the host contracts, and (iii) the host contracts are not measured at FVTPL. Derivatives embedded in hybrid contracts that are or contain financial assets are not separated. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate based on the Group's policy on classification of financial assets above.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognised in profit or loss, except where cash flow hedge accounting is applied.

Hedge accounting

The Group designates certain derivatives as hedging instruments to hedge: (a) exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment or a component of any such item, that is attributable to a particular risk and could affect profit or loss (fair value hedges), and (b) exposure to the variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction (such as foreign exchange rates or interest rates) and could affect profit or loss (cash flow hedges).

At inception of designated hedging relationships, the Group documents the economic relationship between the hedged item and the hedging instrument, including the hedge ratio, along with its risk management objective and strategy for undertaking the hedge.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk; i.e. whether the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedge relationship remains the same, the Group adjusts the hedge ratio of the hedge relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of forward contracts (i.e. including the forward element), and swap contracts (i.e. including the foreign currency basis spread) as the hedging instrument for all of its hedging relationships involving forward and swap contracts.

Fair value hedges

Changes in the fair value of derivatives that are designated as fair value hedges are recognised in profit or loss, or comprehensive income where applicable. Changes in the fair value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item (if applicable) and are recognised in profit or loss.

When the hedged item in a fair value hedge is a firm commitment (or component thereof) to acquire an asset or assume a liability, the initial carrying amount of the asset or liability that results from the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the statement of financial position.

Any adjustment to the carrying amount of a financial instrument measured at amortised cost (or a component thereof) arising from fair value hedge accounting as described above is amortised to profit or loss, based on a recalculated effective interest rate at the date that amortisation begins.

Cash flow hedges

The effective portion of changes in the fair value of a derivative that is designated as a cash flow hedging instrument is recognised in OCI and accumulated in the cash flow hedging reserve. The effective portion of change in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of change in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as property, plant and equipment or inventory, the amount accumulated in the cash flow hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. This is not a reclassification adjustment per IAS 1, and hence it does not affect comprehensive income.

For all other hedged forecast transactions, the amount accumulated in the cash flow hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

Discontinuation of hedge accounting

If the hedge no longer meets the qualifying criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that was previously accumulated in the cash flow hedging reserve remains in equity until, (a) for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its original recognition, or (b) for other cash flow hedges, it is reclassified to profit or loss in the same period or periods in which the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that were previously accumulated in the cash flow hedging reserve are immediately reclassified to profit or loss.

Offsetting

Assets and liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set-off the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are not offset in profit or loss, except where offsetting reflects the substance of the underlying transaction.

Share capital

Issued share capital is stated at the amount of the proceeds received less directly attributable costs of issue.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling.

Cost is determined as follows:

- Raw materials and consumable stores are stated at weighted average cost; and
- Manufactured goods and work-in-progress are stated at the weighted average cost of raw material, direct labour and an allocated portion of overheads.

A provision for obsolescence is raised to write down inventory to its net realisable value based on a physical count and inspection of inventory items which is performed at least annually and takes into account the age, condition and usage rates of the inventory.

The cost of inventories used during the period and changes in the provision for obsolescence are recognised in profit or loss.

Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is met when the sale is highly probable, and the asset is available for immediate sale in its present condition.

Immediately before classification as held-for-sale, the measurement of the assets is brought up to date in accordance with applicable IFRS. On initial classification as held-for-sale, non-current assets are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial or subsequent write-down to fair value less costs to sell and gains on subsequent re-measurement are recognised in profit or loss. A gain on subsequent increase in fair value less costs to sell may not exceed the cumulative impairment

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losses previously recognised on the asset. Assets measured at fair value in accordance with IAS 40 *Investment Property* and IFRS 9 *Financial Instruments* continue to be accounted for at fair value while classified as non-current assets held-for-sale with gains and losses recognised in accordance with the relevant standard.

Non-current assets classified as held-for-sale are not depreciated or amortised while classified as such.

Where assets classified as held-for-sale are not disposed of within the one-year requirement of the standard, and management believes that the delay was caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the assets, such assets will continue to be classified as held-for-sale.

Employee benefits

The Group operates five defined benefit plans and a defined contribution plan. The assets of the defined contribution plan and the two funded defined benefit plans are held separately from the Group and are administered by the fund's trustees.

Defined contribution plan

The Transnet Retirement Fund is a defined contribution fund, and all employees of the Group are eligible members of the fund. The Group's contributions to the defined contribution fund are recognised as an expense in profit or loss in the period in which the employees render the related service.

Defined benefit plans

The Group has five post-retirement defined benefit plans; namely the Transport Pension Fund: Transnet Sub-fund, the Transnet Second Defined Benefit Fund, the Top Management Pensions plan, the Workmen's Compensation Act Pensioners' plan, and the Post-retirement Medical Benefits plan. The Transport Pension Fund: Transnet Sub-fund and the Transnet Second Defined Benefit Fund are fully funded while the other defined benefit plans are unfunded.

The defined benefit plans are actuarially valued for accounting purposes by professional independent consulting actuaries on an annual basis. The benefit costs and net defined benefit liability (asset) under each plan are determined separately using the projected unit credit method.

The current service cost and net interest on the net defined benefit liability or asset are recognised in profit or loss. Where the benefits of a plan are amended or curtailed, the change in the present value of the defined benefit obligation relating to past service by the employees is recognised in profit or loss in the period of the amendment.

Re-measurements of the defined benefit liability or plan assets, comprising actuarial gains and losses, the effect of changes in the asset ceiling, where applicable, and the return on the plan assets, other than interest, are recognised in other comprehensive income in the period in which they arise.

The post-retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of any plan assets. A net asset resulting from this calculation is recognised only to the extent of any economic benefits available to the Group in the form of refunds or reductions in the future contributions.

Further details on the Group's post-retirement benefit obligations are provided in note 32 of the annual financial statements.

Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, accumulated leave, bonuses, housing allowances, medical and other contributions, is recognised in profit or loss in the period in which the employee renders the related service.

The Group's obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits is recognised in profit or loss in the period in which the employee renders the related service. The obligation is measured taking into account the probability that payment will be required and the time value of money.

Termination benefits

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a liability and an expense for termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Leases

Group as a lessee

At inception of a new contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In assessing whether a contract conveys the right to control the use of an identified asset, the Group considers whether:

- The contract involves the use of an asset – explicitly or implicitly identified in the contract – which is physically distinct or represents substantially all the capacity of the asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset; i.e. the Group has the right to direct how and for what purpose the asset is used, or in rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has either:
 - The right to operate the asset throughout the period of use; or
 - The Group designed the asset in such a way that it predetermines how and for what purpose the asset is used.

At inception or on reassessment of a modified contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices, and the aggregate stand-alone price of the non-lease components. Non-lease components are recognised as an expense in profit or loss in the period in which they arise, except for leases of motor vehicles in which the Group is the lessee, where the Group has applied the practical expedient in IFRS 16 not to separate the non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received. Right-of-use assets are included in Property, Plant and Equipment in the same class of assets as similar owned assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's estimated useful life. The estimated useful life of the right-of-use assets is determined on the same basis as similar property, plant and equipment owned by the Group. The right-of-use asset is adjusted for impairment losses, if any, and for certain re-measurements of the lease liability, where applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the implicit rate in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Group would pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be paid under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments during an optional extension period if the Group is reasonably certain to exercise the extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortised cost using the effective interest rate method.

Re-measurement of lease liability

The lease liability is re-measured by discounting the remaining lease payments using a revised discount rate if:

- There is a change in the lease term; or
- If the Group changes its assessment of whether it will exercise an option to purchase the underlying asset.

The lease liability is re-measured by discounting the remaining lease payments using the original discount rate if there is a change in:

- The Group's estimate of the amount expected to be payable under a residual value guarantee; or
- If there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, unless the change in lease payments results from a change in floating rates, in which case the Group uses a revised discount rate that reflects changes in the interest rate.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease modifications

Modifications to the lease are accounted for as a separate lease if they:

- Increase the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Short-term leases and leases of low-value assets

The Group does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at the commencement date, and leases of low-value assets with a value when new equal to or less than R50,000 (excl. VAT). The Group recognises the lease payments associated with such leases as an expense in profit or loss on a straight-line basis over the lease term.

Variable lease expense

Variable lease expenses, which do not depend on an index or a rate, are recognised in profit or loss in the period in which the event giving rise to the expense occurs.

Derecognition

Any gain or loss arising from the partial or full termination of a lease (i.e. derecognition of the right-of-use asset and the corresponding lease liability) is recognised in profit or loss in the period in which it arises.

Presentation

The Group presents the right-of-use assets that do not meet the definition of investment property within property, plant and equipment and the lease liabilities under long-term borrowings and short-term borrowings in the statement of financial position.

Group as a lessor

At inception of a new contract, the Group assesses whether the contract is, or contains, a lease using the above criteria. If the contract is or contains a lease, the Group determines whether each lease is a finance lease or an operating lease. To classify each lease, the Group assesses whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, the lease is classified as a finance lease; otherwise it is classified as an operating lease.

If the arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices.

Finance leases

For assets leased out under a finance lease, the Group derecognises the leased asset and recognises the net investment in the lease as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased to third parties under operating leases are included in property, plant and equipment or investment property. Lease income, net of any incentives given to the lessee, is recognised in profit or loss on a straight-line basis over the lease term.

Accounting policies

for the year ended 31 March 2025

Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The provision is recognised at the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount in subsequent financial periods is recognised as interest expense in profit or loss under finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset when it is virtually certain that the reimbursement will be received, and the amount of the receivable can be measured reliably.

Decommissioning liabilities

The Group recognises a provision for the dismantling and removal of an item of property, plant and equipment and restoring the site on which it is located when the Group has a present obligation, legal or constructive, to decommission the asset and restore the site and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the cost to dismantle and remove the item and rehabilitate the site and may change from year to year taking into account the changes in intended use of the asset, new techniques and knowhow in rehabilitating affected sites, estimated risks and uncertainties surrounding the obligation and the time value of money. These estimates are reviewed at least annually.

The initial estimate of costs to decommission an asset, the obligation for which arises as a result of either having acquired or constructed the asset or as a consequence of having used the asset in the current and/or prior periods for purposes other than to produce inventories, is capitalised as part of the cost of the asset. Where the obligation arises as a result of having used the asset to produce inventories, the decommissioning costs are recognised as part of the cost of the inventory.

The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the cost of the asset unless the asset is carried under the revaluation model.

For assets carried under the revaluation model, changes in the provision are accounted for as follows:

- A decrease in the decommissioning liability is recognised in other comprehensive income and increases the revaluation surplus within equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss; and
- An increase in the decommissioning liability is recognised in profit or loss, except that it is recognised in other comprehensive income and reduces the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Environmental liabilities

The Group recognises a provision for environmental rehabilitation costs in accordance with its environmental policy and applicable legislation when the Group has a present obligation, legal or constructive, as a result of a past event and a reliable estimate can be made of the amount of the obligation.

The Group's environmental obligations arise from legislation which requires the Group to rehabilitate quarries, remove waste material and remediate land contaminated by asbestos, ferromanganese, manganese, mixed soil (including chrome, sulphur and manganese), fuel, rubble and ballast.

A number of factors are considered in estimating the amount of the obligation, including:

- The nature and extent of the contamination;
- The appropriate method to remediate the contamination;
- The cost per ton/ square metre/kilometre of removal and disposal of the contamination, including transportation costs where applicable;
- The cost of rehabilitation of the identified areas of contamination; and
- The costs for the removal and replacement of asbestos roof sheeting and cladding on buildings.

The provision is initially recognised as an expense in profit or loss, unless it satisfies the requirements for capitalisation as an asset, and is reviewed at least annually. Subsequent changes to the provision are recognised prospectively as a change in accounting estimate.

More details on the Group's provisions are provided in note 25 of the annual financial statements.

Onerous contracts

A provision for onerous contracts is recognised when the unavoidable costs of meeting the Group's obligations under a contract exceed the economic benefits expected to be received under the contract. The provision is measured at the present value of the lower of the expected cost of exiting the contract and the expected net cost of continuing with the contract, which is determined based on costs that relate directly to fulfilling the Group's obligation under the contract.

Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g. direct labour or materials) and an allocation of other costs that relate directly to fulfilling the contract (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent liabilities

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements unless the probability of occurrence is remote.

Contingent assets

Contingent assets are not recognised in the financial statements and are only disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Financial guarantee contracts

The Group recognises financial guarantee contracts initially at fair value. Subsequently they are measured at the higher of:

- The amount of loss allowance determined in accordance with IFRS 9 *Financial Instruments*; and
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers*.

Legal claims

Legal claims comprise third-party claims and customer claims, including warranty claims. A provision for legal claims is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account legal opinion and the risk and uncertainties surrounding the claim.

Compensation receivable

Compensation receivable from third parties such as insurance companies in respect of assets that are impaired or lost or for any other loss incurred is recognised in the profit or loss when it is virtually certain that the payment will be received, and the amount can be measured reliably.

The compensation receivable is treated as a separate transaction and is not off-set against the original loss recognised in profit or loss.

Segment information disclosure

For management purposes, the Group is organised into five Operating divisions, based on products and services, which represent the main segments for reporting segment information in accordance with IFRS 8 *Operating Segments*. The operating segments are identified based on internal reports that the Group Executive Team reviews regularly in allocating resources to segments and in assessing their performance. All the Group's major operations are located in the Republic of South Africa.

Transfer prices for services between operating segments are on an arm's-length basis, similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'elimination of inter-segment transactions' column of the segment report.

Related party transactions

A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Transnet is a Schedule 2 Public Entity in terms of the Public Finance Management Act (PFMA). As a state-owned entity, Transnet is controlled by the national government of South Africa. In the South African context, the government is divided into three spheres, namely the national, provincial and local spheres of government. The autonomy of the different spheres is guaranteed in terms of the Constitution of South Africa. Transnet is part of the national sphere.

In accordance with IAS 24 *Related Parties*, and guidance issued by the Department of National Treasury, all departments and public entities in the national sphere of government are related parties. This includes state departments, other state-owned enterprises, and public entities that are subject to control, joint control or significant influence of national government. Entities in other spheres of government, and government entities that are independent in accordance with the constitution and laws of South Africa are not related parties of Transnet.

The full list of related parties is available on the National Treasury website (www.treasury.gov.za) and at the registered offices of the Company.

In addition, the Company has related party relationships with its subsidiaries, associates and joint ventures (refer note 37), and with its key management personnel; i.e. directors and senior executives (refer note 38).

Services rendered to related parties comprise principally transportation services. Services purchased from related parties comprised principally energy, telecommunication, information technology and property-related services. Unless otherwise disclosed, transactions with related parties are concluded on an arm's-length basis.

Detailed disclosure on related party transactions and balances is included in note 33.

Irregular, fruitless and wasteful expenditure

The Public Finance Management Act defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

When confirmed, irregular expenditure is disclosed in the notes to the financial statements, at the amount equal to the value of the irregular expenditure incurred in that particular financial year and one year comparative, unless it is impracticable to determine the value thereof. Where such impracticability exists, the reasons therefore are provided in the notes. Irregular expenditure is removed from the notes when it is either (a) condoned by the National Treasury or the relevant authority; (b) it is transferred to receivables for recovery; or (c) it is not condoned and is irrecoverable. A receivable related to irregular expenditure is only recognised in the financial statements when it is virtually certain that the payment will be received, and the amount can be measured reliably.

Fruitless and wasteful expenditure is defined by the same Act as expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is recognised as expenditure in profit or loss in the period in which it is identified and is disclosed in the notes to the annual financial statements in accordance with the nature of the expense. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. A receivable is only recognised in the financial statements when it is virtually certain that the payment will be received, and the amount can be measured reliably.

Accounting policies

for the year ended 31 March 2025

Financial reporting standards and interpretations issued but not yet effective

The following new or revised IFRSs, amendments and interpretations, which are applicable to the Group were not yet effective for the year ended 31 March 2025 and were not applied in preparing these financial statements. Transnet will not be early adopting any of the standards below.

Standard or interpretation	Detail	Effective date
IAS 21 (amendments)	The effects of changes in foreign exchange rates The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments will have no material effect on the Group financial statements.	Annual periods beginning on or after 1 January 2025.
IAS 28 and IFRS 10 (amendment)	Consolidated financial statements and investments in associates and joint ventures <i>Sale or contribution of assets between an investor and its associate or joint venture</i> The amendment addresses the conflict between the requirements in IFRS 10 and IAS 28 when accounting for the sale or contribution of assets between an investor and its associate or joint venture. The amendment will be applied prospectively and will have no material effect on the Group financial statements.	The effective date of the amendments has been deferred indefinitely until further notice.
IFRS 7 and IFRS 9 (amendments)	Financial instruments The amendments to IFRS 9 and IFRS 7 – <i>Contracts Referencing Nature – dependent electricity</i> deal with contracts that expose an entity to variability in an underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions, typically associated with renewable electricity sources such as sun and wind. The amendments: • Clarify the application of the ‘own-use’ requirements for in-scope contracts; • Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and • Add new disclosure requirements. The amendments will have no effect on the Group financial statements.	Annual periods beginning on or after 1 January 2026.
IFRS 9 (amendment)	Financial instruments The amendments clarify the requirements with respect to the following: • When a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date; • How to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs – e.g. environmental, social and corporate governance and similar features; and • New or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be applied retrospectively and will have no material effect on the Group financial statements.	Annual periods beginning on or after 1 January 2026.
IFRS 18 (new)	Presentation and disclosure in financial statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. The new standard will replace IAS 1 <i>Presentation of Financial Statements</i>. IFRS 18 aims to improve financial reporting by: • Requiring additional defined subtotals in the statement of profit or loss; • Requiring disclosures about management-defined performance measures; and • Adding new principles for the aggregation and disaggregation of items. The new standard will be applied retrospectively. Apart from changes in the presentation of financial statements – mainly the income statement, the standard will not have a material effect on the Group financial statements.	Annual periods beginning on or after 1 January 2027.

Standard or interpretation	Detail	Effective date																	
IFRS 19 (new)	Subsidiaries without public accountability: disclosures The new standard permits eligible subsidiaries to use IFRS accounting standards with reduced disclosures. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. IFRS 19 permits such subsidiaries to apply IFRS accounting standards with reduced disclosure requirements. The entities apply the requirements in other IFRS accounting standards except for their disclosure requirements. Instead, they apply the disclosure requirements in IFRS 19. The new standard will be applied retrospectively and will have no material effect on the Group financial statements.	Annual periods beginning on or after 1 January 2027.																	
Annual improvements	Annual improvements to IFRS accounting standards – volume 11 Annual improvements to IFRS accounting standards – volume 11 issued in July 2024 contains the following amendments. <table><tr><th>Accounting standard</th><th>Subject of amendments</th></tr><tr><td>IFRS 1 <i>First-time adoption of IFRSs</i></td><td>Hedge accounting by a first-time adopter.</td></tr><tr><td>IFRS 7 <i>Financial instruments: disclosures</i></td><td>Gain or loss on derecognition.</td></tr><tr><td rowspan="3">Guidance on implementing IFRS 7 <i>Financial instruments: disclosures</i></td><td>Introduction.</td></tr><tr><td>Disclosure of deferred difference between fair value and transaction price.</td></tr><tr><td>Credit risk disclosures.</td></tr><tr><td rowspan="2">IFRS 9 <i>Financial instruments</i></td><td>Derecognition of lease liabilities.</td></tr><tr><td>Transaction price.</td></tr><tr><td>IFRS 10 <i>Consolidated financial statements</i></td><td>Determination of a ‘<i>de facto</i> agent’.</td></tr><tr><td>IAS 7 <i>Statement of cash flows</i></td><td>Cost method.</td></tr></table> The amendments will have no material effect on the Group financial statements.	Accounting standard	Subject of amendments	IFRS 1 <i>First-time adoption of IFRSs</i>	Hedge accounting by a first-time adopter.	IFRS 7 <i>Financial instruments: disclosures</i>	Gain or loss on derecognition.	Guidance on implementing IFRS 7 <i>Financial instruments: disclosures</i>	Introduction.	Disclosure of deferred difference between fair value and transaction price.	Credit risk disclosures.	IFRS 9 <i>Financial instruments</i>	Derecognition of lease liabilities.	Transaction price.	IFRS 10 <i>Consolidated financial statements</i>	Determination of a ‘ <i>de facto</i> agent’.	IAS 7 <i>Statement of cash flows</i>	Cost method.	Annual periods beginning on or after 1 January 2026.
Accounting standard	Subject of amendments																		
IFRS 1 <i>First-time adoption of IFRSs</i>	Hedge accounting by a first-time adopter.																		
IFRS 7 <i>Financial instruments: disclosures</i>	Gain or loss on derecognition.																		
Guidance on implementing IFRS 7 <i>Financial instruments: disclosures</i>	Introduction.																		
	Disclosure of deferred difference between fair value and transaction price.																		
	Credit risk disclosures.																		
IFRS 9 <i>Financial instruments</i>	Derecognition of lease liabilities.																		
	Transaction price.																		
IFRS 10 <i>Consolidated financial statements</i>	Determination of a ‘ <i>de facto</i> agent’.																		
IAS 7 <i>Statement of cash flows</i>	Cost method.																		

Income statements
for the year ended 31 March 2025

Company		Notes	Group	
2024 R million	2025 R million		2025 R million	2024 R million
76 699	82 691	1	82 691	76 699
(54 731)	(52 060)	2	(52 060)	(54 731)
21 968	30 631		30 631	21 968
(17 689)	(19 085)		(19 085)	(17 689)
4 279	11 546	4.1	11 546	4 279
(772)	(666)	4.2.1	(666)	(772)
193	(157)	4.2.2	(157)	193
6	7	4.3	—	
(179)	(163)	4.4	(163)	(179)
432	1 755	5	1 755	432
		13	2	10
3 959	12 322		12 317	3 963
(14 284)	(15 239)	6	(15 239)	(14 284)
509	527	7	527	509
(9 816)	(2 390)		(2 395)	(9 812)
2 485	489	8	489	2 485
(7 331)	(1 901)		(1 906)	(7 327)

Statements of comprehensive income
for the year ended 31 March 2025

Company		Notes	Group	
2024 R million	2025 R million		2025 R million	2024 R million
(7 331)	(1 901)		(1 906)	(7 327)
(3 287)	(1 380)		(1 380)	(3 287)
(4 592)	(1 885)		(1 885)	(4 592)
(4 663)	(1 881)		(1 881)	(4 663)
71	(4)		(4)	71
1 305	505	8.1	505	1 305
481	(460)		(460)	481
655	(626)		(626)	655
642	(603)		(603)	642
13	(23)		(23)	13
(174)	166	8.1	166	(174)
(2 806)	(1 840)		(1 840)	(2 806)
(10 137)	(3 741)		(3 746)	(10 133)

Disclosure of components of other comprehensive income

for the year ended 31 March 2025

Company		Notes	Group	
2024 R million	2025 R million		2025 R million	2024 R million
(3 339)	(1 377)			
(4 663)	(1 881)			
(264)	195			
(1 005)	85			
(4 021)	(2 203)			
152	42			
475	—			
1 324	504			
52	(3)			
71	(4)			
—	1			
—	(4)			
17	14			
20	(5)			
34	(10)			
(19)	1			
12	(20)			
13	(23)			
(1)	3			
469	(440)			
642	(603)			
(173)	163			
(2 806)	(1 840)			

Statements of financial position

at 31 March 2025

Company		Notes	Group	
2024 R million	2025 R million		2025 R million	2024 R million
294 997	299 703			
30 822	32 257			
756	713			
—	—			
8	8			
6 011	3 502			
—	—			
3 486	3 567			
336 080	339 750			
4 083	4 826			
9 204	10 552			
855	678			
—	9			
39	41			
13 884	9 992			
28 065	26 098			
399	932			
28 464	27 030			
364 544	366 780			
18 498	18 498			
119 485	115 744			
137 983	134 242			
638	623			
75 140	90 113			
311	443			
15 042	5 809			
40 948	39 788			
3 550	3 484			
135 629	140 260			
1 223	1 118			
26 174	35 622			
62 522	54 672			
—	10			
1 013	856			
90 932	92 278			
364 544	366 780			

Statements of changes in equity

for the year ended 31 March 2025

	Issued capital R million	Revalu- ation reserve R million	Actuarial gains and losses R million	Cash flow hedging reserve R million	Other*	Retained earnings R million	Total R million
Company							
Opening balances as at 1 April 2023	18 498	64 450	2 601	(192)	250	62 513	148 120
Loss for the year	—	—	—	—	—	(7 331)	(7 331)
Other comprehensive (loss)/income for the year (net of tax)	—	(3 327)	52	469	—	—	(2 806)
Transfer to retained earnings	—	(365)	—	—	—	365	—
Balances at 31 March 2024	18 498	60 758	2 653	277	250	55 547	137 983
Loss for the year	—	—	—	—	—	(1 901)	(1 901)
Other comprehensive loss for the year (net of tax)	—	(1 397)	(3)	(440)	—	—	(1 840)
Transfer to retained earnings	—	(75)	—	—	—	75	—
Balances at 31 March 2025	18 498	59 286	2 650	(163)	250	53 721	134 242
Group							
Opening balances as at 1 April 2023	18 498	64 450	2 601	(192)	249	62 622	148 228
Loss for the year	—	—	—	—	—	(7 327)	(7 327)
Other comprehensive (loss)/income for the year (net of tax)	—	(3 327)	52	469	—	—	(2 806)
Transfer to retained earnings	—	(365)	—	—	—	365	—
Balances at 31 March 2024	18 498	60 758	2 653	277	249	55 660	138 095
Loss for the year	—	—	—	—	—	(1 906)	(1 906)
Other comprehensive loss for the year (net of tax)	—	(1 397)	(3)	(440)	—	—	(1 840)
Transfer to retained earnings	—	(75)	—	—	—	75	—
Balances at 31 March 2025	18 498	59 286	2 650	(163)	249	53 829	134 349

* Other reserves relate to the share of pension fund surplus (retained for application against pensioners).

Statements of cash flows

for the year ended 31 March 2025

Company			Group	
2024 R million	2025 R million	Notes	2025 R million	2024 R million
14 238	13 754	Cash flows from operating activities	13 761	14 246
28 914	21 983	Cash generated from operations	21 990	28 920
(118)	6 636	Changes in working capital	6 636	(118)
28 796	28 619	Cash generated from operations after working capital changes	28 626	28 802
(14 282)	(14 722)	Finance costs	(14 722)	(14 282)
509	527	Finance income	527	509
—	—	Tax refunded	—	2
(107)	(99)	Settlement of post-retirement benefit obligations	(99)	(107)
(678)	(571)	Derivatives settled and raised	(571)	(678)
(16 961)	(24 811)	Cash flows utilised in investing activities	(24 818)	(16 969)
(13 568)	(19 732)	Investment to maintain operations	(19 739)	(13 576)
(13 174)	(19 586)	Replacements to property, plant and equipment	(19 586)	(13 174)
—	(36)	Acquisition of investment property	(36)	—
(229)	(102)	Acquisition of intangible assets	(102)	(229)
(73)	(95)	Borrowing costs capitalised	(95)	(73)
94	376	Proceeds on the disposal of property, plant and equipment	376	94
65	—	Proceeds on the disposal of investment property	—	65
6	7	Dividend income	—	—
(257)	(296)	Net increase in other investments	(296)	(259)
(3 393)	(5 079)	Investment to expand operations	(5 079)	(3 393)
(2 107)	(3 582)	Expansions – property, plant and equipment	(3 582)	(2 107)
(1 286)	(1 497)	Borrowing costs capitalised	(1 497)	(1 286)
3 067	7 165	Cash flow from financing activities	7 165	3 067
34 435	27 870	Borrowings raised*	27 870	34 435
(31 368)	(20 705)	Borrowings repaid**	(20 705)	(31 368)
344	(3 892)	Net (decrease)/increase in cash and cash equivalents	(3 892)	344
13 540	13 884	Cash and cash equivalents at the beginning of the year	13 884	13 540
13 884	9 992	Total cash and cash equivalents at the end of the year	9 992	13 884

* Borrowings raised excludes fees relating to the raising of borrowings of R115 million (2024: R118 million) and interest on lease liabilities of R300 million (2024: R283 million).

** Included in borrowings repaid are repayments in respect of leases of R641 million (2024: R512 million).

Segment information

for the year ended 31 March 2025

	Freight Rail R million	Engineering R million	National Ports Authority R million	Port Terminals R million	Pipelines R million	Total for reportable segments R million	Other segments ¹ R million	Elimination of inter segment transactions R million	Total R million
Revenue from contracts with customers	41 315	295	9 874	19 501	8 096	79 081	—	—	79 081
Coal	12 150	—	—	—	—	12 150	—	—	12 150
Iron ore and manganese	17 938	—	—	—	—	17 938	—	—	17 938
Mineral mining and chrome	6 191	—	—	—	—	6 191	—	—	6 191
Steel and cement	2 182	—	—	—	—	2 182	—	—	2 182
Agricultural and bulk liquids	1 059	—	—	—	—	1 059	—	—	1 059
Marine services	—	—	3 050	—	—	3 050	—	—	3 050
Containers	1 228	—	3 393	9 344	—	13 965	—	—	13 965
Automotive	65	—	384	1 497	—	1 946	—	—	1 946
Break-bulk	—	—	194	2 103	—	2 297	—	—	2 297
Bulk	—	—	2 483	6 557	—	9 040	—	—	9 040
Pipelines – oil and gas	—	—	—	—	8 146	8 146	—	—	8 146
Engineering	—	295	—	—	—	295	—	—	295
Other ²	502	—	370	—	(50)	822	—	—	822
Other revenue	544	20	2 113	—	53	2 730	880	—	3 610
Lease income	544	20	2 113	—	—	2 677	880	—	3 557
Government grant	—	—	—	—	53	53	—	—	53
Total external revenue	41 859	315	11 987	19 501	8 149	81 811	880	—	82 691
Internal revenue	844	10 335	2 740	—	6	13 925	4 250	(18 175)	—
Total revenue	42 703	10 650	14 727	19 501	8 155	95 736	5 130	(18 175)	82 691
Energy costs	(7 263)	(246)	(898)	(948)	(376)	(9 731)	(191)	—	(9 922)
Maintenance costs	(3 153)	(194)	(655)	(704)	(144)	(4 850)	(102)	1 448	(3 504)
Material costs	(688)	(4 098)	(180)	(724)	(15)	(5 705)	(2)	3 781	(1 926)
Personnel costs	(13 726)	(5 903)	(3 193)	(6 999)	(563)	(30 384)	(3 262)	4 609	(29 037)
Other costs ³	(8 881)	(1 519)	(1 720)	(4 139)	1 707	(14 552)	(1 456)	8 337	(7 671)
Earnings before interest, tax, depreciation, derecognition and amortisation (EBITDA)	8 992	(1 310)	8 081	5 987	8 764	30 514	117	—	30 631
Depreciation and amortisation	(12 252)	(488)	(2 920)	(2 296)	(1 180)	(19 136)	(191)	242	(19 085)
(Impairment)/reversal of impairment of assets	565	(24)	(206)	(1 069)	(25)	(759)	(64)	—	(823)
Dividends received and income from associates	—	—	—	—	—	—	2	—	2
Fair value adjustments and post-retirement benefit obligation expense	(143)	—	1 262	3	—	1 122	470	—	1 592
Finance costs	(9 298)	(1 015)	(411)	343	(305)	(10 686)	(22 863)	18 310	(15 239)
Finance income	112	13	901	1 163	509	2 698	16 139	(18 310)	527
(Loss)/profit before tax	(12 024)	(2 824)	6 707	4 131	7 763	3 753	(6 390)	242	(2 395)
Total assets ⁴	177 573	11 955	107 990	38 415	49 258	385 191	(5 930)	(13 326)	365 935
Total liabilities	156 165	14 330	24 847	8 578	22 173	226 093	16 052	(9 627)	232 518
Capital expenditure ⁵	16 416	67	2 908	3 537	297	23 225	807	—	24 032
Cash generated from operations after working capital changes	9 539	(2 212)	8 099	6 827	4 962	27 215	1 411	—	28 626
EBITDA margin	21,1%	(12,3%)	54,9%	30,7%	107,5%	31,9%	n/a	n/a	37,0%
Number of permanent employees	21 688	7 478	3 818	9 206	661	42 851	2 599	n/a	45 450

¹ Revenue from segments below the quantitative thresholds are attributable to Transnet Property and the corporate centre function. Transnet Property manages internal and external leases of commercial and residential property and the Transnet corporate centre function performs an administration function for the Group.

² Other revenue from contracts with customers relate mainly to lighthouse related tariff income, the use of ship repair facility related income at the ports and telecommunication services provided on the rail network, partially offset by the unwinding of the lease incentive relating to the SAPREF replacement tanks.

³ Other costs include the remaining net operating expense line items as disclosed in note 2.

⁴ Excludes assets held-for-sale.

⁵ Excludes capitalised borrowing costs; includes capitalised finance leases and capitalised decommissioning liabilities.

Segment information

for the year ended 31 March 2024

	Freight Rail R million	Engineering R million	National Ports Authority R million	Port Terminals R million	Pipelines R million	Total for reportable segments R million	Other segments ¹ R million	Elimination of inter segment transactions R million	Total R million
Revenue from contracts with customers	37 970	527	9 541	18 456	6 639	73 133	64	—	73 197
Coal	10 231	—	—	—	—	10 231	—	—	10 231
Iron ore and manganese	16 738	—	—	—	—	16 738	—	—	16 738
Mineral mining and chrome	5 791	—	—	—	—	5 791	—	—	5 791
Steel and cement	2 646	—	—	—	—	2 646	—	—	2 646
Agricultural and bulk liquids	1 050	—	—	—	—	1 050	—	—	1 050
Marine services	—	—	2 918	—	—	2 918	—	—	2 918
Containers	1 069	—	3 347	8 719	—	13 135	—	—	13 135
Automotive	80	—	352	1 419	—	1 851	—	—	1 851
Break-bulk	—	—	161	1 858	—	2 019	—	—	2 019
Bulk	—	—	2 425	6 457	—	8 882	—	—	8 882
Pipelines – oil and gas	—	—	—	—	6 613	6 613	—	—	6 613
Engineering	—	527	—	—	—	527	—	—	527
Other ²	365	—	338	3	26	732	64	—	796
Other revenue	507	26	1 962	—	53	2 548	954	—	3 502
Lease income	507	26	1 962	—	—	2 495	954	—	3 449
Government grant	—	—	—	—	53	53	—	—	53
Total external revenue	38 477	553	11 503	18 456	6 692	75 681	1 018	—	76 699
Internal revenue	628	9 264	2 538	—	5	12 435	3 500	(15 935)	—
Total revenue	39 105	9 817	14 041	18 456	6 697	88 116	4 518	(15 935)	76 699
Energy costs	(6 638)	(70)	(889)	(966)	(383)	(8 946)	(164)	—	(9 110)
Maintenance costs	(3 172)	(172)	(664)	(684)	(126)	(4 818)	(29)	1 370	(3 477)
Material costs	(711)	(3 445)	(172)	(747)	(14)	(5 089)	(14)	3 579	(1 524)
Personnel costs	(13 233)	(5 579)	(3 026)	(6 100)	(536)	(28 474)	(3 030)	4 362	(27 142)
Other costs ³	(7 380)	(738)	(1 635)	(3 626)	(5 639)	(19 018)	(1 084)	6 624	(13 478)
Earnings before interest, tax, depreciation, derecognition and amortisation (EBITDA)	7 971	(187)	7 655	6 333	(1)	21 771	197	—	21 968
Depreciation and amortisation	(11 247)	(318)	(2 984)	(2 019)	(1 252)	(17 820)	(111)	242	(17 689)
Impairment of assets	53	(91)	(4)	27	(51)	(66)	(513)	—	(579)
Dividends received and income from associates	—	—	—	—	—	—	10	—	10
Fair value adjustments and post-retirement benefit obligation expense	519	(4)	73	(1)	—	587	(334)	—	253
Finance costs	(8 472)	(915)	(698)	212	(254)	(10 127)	(20 446)	16 289	(14 284)
Finance income	76	23	801	918	228	2 046	14 752	(16 289)	509
(Loss)/profit before tax	(11 100)	(1 492)	4 843	5 470	(1 330)	(3 609)	(6 445)	242	(9 812)
Total assets ⁴	171 670	11 380	103 790	34 519	44 498	365 857	11 304	(12 924)	364 237
Total liabilities	139 809	11 601	25 249	8 043	21 220	205 922	29 601	(8 982)	226 541
Capital expenditure ⁵	12 268	168	1 746	2 009	191	16 382	280	—	16 662
Cash generated from operations after working capital changes	5 618	3 515	7 457	6 715	4 766	28 071	731	—	28 802
EBITDA margin (%)	20,4%	(1,9%)	54,5%	34,3%	0,0%	24,7%	n/a	n/a	28,6%
Number of permanent employees	22 307	7 770	3 925	8 982	640	43 624	2 630	n/a	46 254

¹ Revenue from segments below the quantitative thresholds are attributable to Transnet Property and the corporate centre function. Transnet Property manages internal and external leases of commercial and residential property and the Transnet corporate centre function performs an administration function for the Group.

² Other revenue from contracts with customers relate mainly to lighthouse related tariff income, the use of ship repair facility related income at the ports, telecommunication services provided on the rail network and passenger rail income.

³ Other costs include the remaining net operating expense line items as disclosed in note 2.

⁴ Excludes assets held-for-sale.

⁵ Excludes capitalised borrowing costs; includes capitalised finance leases and capitalised decommissioning liabilities.

Notes to the annual financial statements
for the year ended 31 March 2025

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		1. Revenue		
73 197	79 081	Revenue from contracts with customers	79 081	73 197
37 970	41 315	Rail freight	41 315	37 970
527	295	Engineering	295	527
27 997	29 375	Ports	29 375	27 997
6 639	8 096	Pipelines – petroleum products and gas	8 096	6 639
64	—	Other	—	64
3 502	3 610	Other revenue	3 610	3 502
3 449	3 557	Lease income	3 557	3 449
53	53	Government grants*	53	53
76 699	82 691	Total revenue	82 691	76 699
232	199	Refer to the segment information for the disaggregation of revenue streams. * Amortisation of deferred revenue; namely the Security of Supply Petroleum Levy of 7,5 cents per litre, which the government through the regulator allowed Transnet Pipelines to levy and collect from customers through the tariff during the fiscal years from 2010/11 to 2012/13, as the government's contribution to the cost of the New Multi-Product Pipeline (NMPP) between Durban and Gauteng following the government's request for the pipeline's size to be increased from 16 inches to 24 inches. The levy was accounted for as deferred revenue/government grant in accordance with the Group accounting policy and is recognised over the life of the pipeline of 75 years (refer note 16.3). Performance obligations partially satisfied in previous periods Rail freight Revenue recognised in the current financial year in respect of performance obligations that were partially satisfied in previous periods relates to the following: Rail freight - goods-in-transit at 31 March 2024 whose delivery was completed in the current financial year. Performance obligations relating to contracts partially unsatisfied at year-end Rail freight and ports	199	232
41 850	187 152		187 152	41 850

The Group expects revenue of R187,2 billion in future periods from performance obligations that were unsatisfied or partially unsatisfied at 31 March 2025, with respect to committed volumes to be transported over rail or processed through the ports on long-term take-or-pay contracts with customers. The amounts exclude variable consideration such as take-or-pay penalties, demurrage, volume rebates and other penalties that may be applicable in future.

Period	R million	%
31 March 2026	37 381	20,0
31 March 2027	39 030	20,9
31 March 2028	30 013	16,0
31 March 2029	16 915	9,0
31 March 2030 and beyond	63 813	34,1
Total	187 152	100,0

The Group applies the practical expedient in paragraph 121 of IFRS 15 *Revenue from Contracts with Customers*, and does not disclose information about remaining performance obligations on contracts where either:

- The original contractual period is for one year or less; or
- The Group's right to consideration from a customer corresponds directly with the value to the customer of the Group's performance completed to date.

Significant judgements

Transnet Pipelines was in a legal dispute with two customers relating to short payment for the transportation of crude. The customers had shown no intention to pay the amount. In light of the above, and in accordance with IFRS 15.9(e), Transnet could not conclude that it was probable that it would collect the consideration to which it was entitled to in exchange for the goods or services transferred to the customers and had therefore not recognised the revenue in the prior year. Transnet has since reached a settlement agreement with both customers in the post balance sheet period of the current financial year, resulting in the related revenue of R1,3 billion being recognised in the current reporting period.

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		2. Net operating expenses excluding depreciation, derecognition and amortisation		
156	176	Accommodation and refreshments	176	156
1 363	1 708	Electronic data costs	1 708	1 363
9 110	9 922	Energy costs	9 922	9 110
115	173	External audit fees (refer note 4.1)	173	115
467	687	Haulage costs	687	467
414	485	Health and sanitation	485	414
604	536	Insurance	536	604
3 477	3 504	Maintenance costs	3 504	3 477
539	654	Managerial and technical consulting fees	654	539
1 524	1 926	Material costs	1 926	1 524
962	1 134	Lease expenses (refer note 4.1)	1 134	962
27 142	29 037	Personnel costs	29 037	27 142
66	64	Printing and stationery	64	66
169	(277)	(Profit)/loss on disposal of property, plant and equipment	(277)	169
45	69	Promotions and advertising	69	45
1 022	1 232	Rates and taxes	1 232	1 022
2 815	3 298	Security	3 298	2 815
161	147	Telecommunications	147	161
79	178	Transport	178	79
56	89	Research and development costs	89	56
513	568	Water	568	513
5 217	(2 171)	Third party claims [†]	(2 171)	5 217
794	287	Other expenses [‡]	287	794
(2 079)	(1 366)	Other income ^{**}	(1 366)	(2 079)
54 731	52 060		52 060	54 731

[†] Includes a net reversal of the TotalEnergies and Sasol Oil claim of R2,3 billion (2024: R4,8 billion increase) due mainly to the settlement agreements reached with TotalEnergies and Sasol Oil, partially offset by interest accrued as a result of the high court judgement in June 2024.

[‡] Includes COVID-19 related expenses of R0,05 million (2024: R0,2 million). Other expenses is mainly made up of corporate and social investment costs, travel costs and environmental management expense.

^{**} Other income is mainly made up of operating income relating to scrap income, lease recoveries, Prasa related recoveries, and insurance recoveries.

Notes to the annual financial statements
for the year ended 31 March 2025

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		3. Depreciation, derecognition and amortisation		
		Depreciation and derecognition (refer note 9)		
9 179	9 985	Depreciation and derecognition – owned assets at historic cost	9 985	9 179
59	38	Aircraft	38	59
188	206	Floating craft	206	188
380	280	Land and land improvements	280	380
880	941	Buildings and structures	941	880
606	693	Machinery, equipment and furniture	693	606
24	40	Permanent way and works	40	24
6 893	7 785	Rolling stock and containers	7 785	6 893
149	2	Vehicles	2	149
7 399	7 779	Depreciation and derecognition – owned assets revalued portion	7 779	7 399
2 766	3 062	Rail infrastructure	3 062	2 766
1 154	1 145	Pipeline networks	1 145	1 154
3 479	3 572	Port facilities	3 572	3 479
927	1 124	Depreciation and derecognition – right-of-use assets at historic cost	1 124	927
21	54	Buildings and structures	54	21
27	14	Machinery, equipment and furniture	14	27
879	1 056	Vehicles	1 056	879
17 505	18 888	Total depreciation and derecognition	18 888	17 505
184	197	Amortisation of intangible assets (refer note 11)	197	184
		Software and licences		
17 689	19 085	Total depreciation, derecognition and amortisation	19 085	17 689
		4. Profit from operations, impairment of assets, dividends received and post-retirement benefit obligation expense		
		4.1 Profit from operations before impairment of assets, dividends received, post-retirement benefit obligation expense, fair value adjustments and income from associates and joint ventures is stated after taking into account the following amounts:		
		Audit fees*		
115	173	Audit fees – current year	173	115
—	—	Audit fees – prior year	—	—
—	—	Fees for audit-related and other services	—	—
115	173		173	115
		* Audit fees recognised as invoiced in the reporting period.		

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		4. Profit from operations, impairment of assets, dividends received and post-retirement benefit obligation expense continued		
		4.1 Profit from operations before impairment of assets, dividends received, post-retirement benefit obligation expense, fair value adjustments and income from associates and joint ventures is stated after taking into account the following amounts:		
		Lease expenses		
13	10	Variable lease payments not included in the measurement of lease liabilities	10	13
—	28	Expenses relating to short-term leases	28	—
949	1 096	Expenses relating to leases of low-value assets	1 096	949
962	1 134		1 134	962
		Directors’ and executives’ emoluments (refer note 38)		
28	15	Executive directors	15	28
17	14	Non-executive directors	14	17
79	82	Senior executives	82	79
124	111		111	124
		4.2.1 Impairment of financial assets		
735	502	Trade receivables from contracts with customers	502	735
37	164	Other receivables	164	37
772	666		666	772
		4.2.2 Impairment/(reversal of impairment) of non-financial assets¹		
576	1 389	Impairment and devaluation of property, plant and equipment (refer note 9) ²	1 389	576
(787)	(1 230)	Reversal of impairment of property, plant and equipment (refer note 9)	(1 230)	(787)
18	(2)	(Reversal of impairment)/impairment of intangible assets (refer note 11)	(2)	18
(193)	157		157	(193)
		¹ The impairment of non-financial assets is primarily due to the port capital work in progress, port facility and the index valuation on port operating assets impairments, partially offset by locomotive impairment assessment reversals at Freight Rail.		
		² Includes devaluation of property, plant and equipment relating to the index valuation of port operating assets of R884 million.		
6	7	4.3 Dividends received	—	—
		Dividends from associates		
3	3	4.4 Post-retirement benefit obligation expense	3	3
—	—	Transport Pension Fund: Transnet Sub-fund	—	—
5	5	Transnet Second Defined Benefit Fund	5	5
39	36	Transnet Top Management pensions	36	39
17	15	Transnet Workmen's Compensation Act pensioners	15	17
23	21	Transnet SATS pensioners' post-retirement medical benefits	21	23
92	83	Transnet employees' post-retirement medical benefits	83	92
179	163	Other post-retirement and medical benefits (refer note 23)	163	179

Notes to the annual financial statements
for the year ended 31 March 2025

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
615 (228) (3) 48	1 868 (183) 7 63	5. Fair value adjustments	1 868 (183) 7 63	615 (228) (3) 48
432	1 755		1 755	432
15 66 283 207 15 072	24 114 300 549 15 844	6. Finance costs	24 114 300 549 15 844	15 66 283 207 15 072
15 643 (1 359)	16 831 (1 592)	Gross finance costs	16 831 (1 592)	15 643 (1 359)
14 284	15 239	Borrowing costs capitalised	15 239	14 284
* The weighted average capitalisation rate on funds borrowed generally is 11,55% per annum (2024: 11,75% per annum).				
345 164	319 208	7. Finance income	319 208	345 164
509	527		527	509
—	—	8. Taxation	—	—
(2 485)	(489)	South African normal tax – Current year	(489)	(2 485)
(2 485)	(489)	Deferred tax (refer note 26) – Current year	(489)	(2 485)
% 27,00 (1,68)	27,00 (6,54)	Reconciliation of tax rate	% 27,00 (6,58)	27,00 (1,67)
(14,68)	(5,74)	Standard rate – South African normal tax	(5,74)	(14,68)
(1,25)	(1,36)	Adjustment for differences	(1,36)	(1,25)
(10,44)	(9,55)	(Expenses)/income not included for tax purposes	(9,55)	(10,44)
(1,93)	0,75	Permanent provisions	0,75	(1,93)
3,58	4,22	Depreciation of property, plant and equipment (PPE) not subject to tax allowances	4,22	3,58
(0,10)	0,18	Impairment of PPE	0,18	(0,10)
(3,64)	(0,42)	Fair value adjustments	(0,42)	(3,64)
(0,90)	0,44	Disposal of fixed assets not subject to tax allowances	0,44	(0,90)
0,08	0,04	Capital legal, professional and other expenses	—	—
12,92	(0,84)	Fruitless and wasteful expenditure	(0,84)	13,01
0,51	(0,13)	Exempt local dividends	(0,13)	0,51
8,73	0,06	Adjustment to deferred tax charge	0,06	8,73
(0,47)	—	Capital gain on disposal of fixed assets	—	(0,47)
4,15	(0,77)	PPE adjustments	(0,77)	4,24
25,32	20,46	Firm commitments	—	(0,47)
		Provisions not through the income statement	(0,77)	4,24
25,32	20,46	Effective rate of tax	20,42	25,33

The income statement credit is comprised mainly of deferred tax. The credit arose mainly due to the loss before tax for the year.

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
84	(46)	8. Taxation continued	(46)	84
258	(45)	8.1 Tax recognised in other comprehensive income	(45)	258
1 085	595	Arising on the tax effects of items recognised in comprehensive income:	595	1 085
(103)	—	(Gain)/loss on revaluation of pipeline networks and decommissioning restoration liability	—	(103)
(1)	3	(Gain)/loss on revaluation of port facilities and decommissioning restoration liability	3	(1)
(173)	163	Loss on revaluation of rail infrastructure	163	(173)
(19)	1	Gain on revaluation of land, buildings and structures	1	(19)
1 131	671	Loss/(gain) on revaluation of investments to market value (Rumo Ltd)	671	1 131
		Cash flow hedge loss/(gain)		
		Actuarial loss/(gain) on post-retirement benefit obligations		
		Total tax recognised in other comprehensive income		
294 997	299 703	9. Property, plant and equipment	299 703	294 997
520 407 (225 410)	537 510 (237 807)	Property, plant and equipment is stated at historical cost except for pipeline networks, port facilities and rail infrastructure, which are stated at revalued amounts.	537 510 (237 807)	520 407 (225 410)
		Net book value		
		Gross carrying value		
		Accumulated depreciation and impairment		
248 879	262 778	Comprising:	262 778	248 879
514	610	Historical cost		
5 151	6 102	Gross carrying value		
6 526	6 739	– Aircraft		
26 126	24 793	– Floating craft		
13 304	12 736	– Land and land improvements		
1 462	1 702	– Buildings and structures		
153 908	163 698	– Machinery, equipment and furniture		
5 557	5 821	– Permanent way and works		
36 331	40 577	– Rolling stock and containers		
(91 628)	(98 171)	– Vehicles		
(425)	(463)	– Capital work-in-progress**		
(2 205)	(2 397)	Accumulated depreciation		
(2 424)	(2 652)	– Aircraft		
(12 727)	(12 466)	– Floating craft		
(9 543)	(9 057)	– Land and land improvements		
(282)	(320)	– Buildings and structures		
(61 230)	(67 518)	– Machinery, equipment and furniture		
(2 792)	(3 298)	– Permanent way and works		
		– Rolling stock and containers		
		– Vehicles		

** Capital work-in-progress includes R4,2 billion (2024: R4,9 billion) advance payments to original equipment manufacturers (OEMs) in respect of the acquisition of 95 electric locomotives from CRRC E-loco Supply (Pty) Ltd (CRRC E-loco), 210 diesel locomotives from CRRC SA Rolling Stock Pty (Ltd) (CRRC SA) and 85 diesel locomotives from Bombardier Transportation South Africa Pty (Ltd) (BT) respectively. Total capital work-in-progress under the three contracts at 31 March 2025 was R12,2 billion (2024: R13,4 billion).

Transnet has filed an application with the Gauteng High Court to have the supply agreements with the above OEMs reviewed and set aside, with just and equitable relief. The locomotive supply agreements with CRRC E-loco and CRRC SA are currently suspended pending the outcome of the court application, and capitalisation of borrowing costs on these contracts has been suspended in accordance with IAS 23 Borrowing Costs. The supply agreement with BT was not suspended and deliveries are continuing, with the delivery schedule expected to be completed in the next two years.

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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		9. Property, plant and equipment continued		
(14 180)	(13 391)	Accumulated impairment (refer note 4.2.2)	(13 391)	(14 180)
(12)	—	– Floating craft	—	(12)
(328)	(240)	– Buildings and structures	(240)	(328)
(413)	(293)	– Machinery, equipment and furniture	(293)	(413)
(14)	(15)	– Permanent way and works	(15)	(14)
(9 589)	(9 073)	– Rolling stock and containers	(9 073)	(9 589)
(39)	(41)	– Vehicles	(41)	(39)
(3 785)	(3 729)	– Capital work-in-progress	(3 729)	(3 785)
143 071	151 216	Net book value of property, plant and equipment stated at historical cost	151 216	143 071
271 528	274 732	Revaluation	274 732	271 528
		Gross carrying value		
64 033	65 212	– Pipeline networks	65 212	64 033
131 777	132 614	– Port facilities	132 614	131 777
75 718	76 906	– Rail infrastructure	76 906	75 718
(116 066)	(121 541)	Accumulated depreciation	(121 541)	(116 066)
(28 951)	(30 956)	– Pipeline networks	(30 956)	(28 951)
(61 720)	(64 044)	– Port facilities	(64 044)	(61 720)
(25 395)	(26 541)	– Rail infrastructure	(26 541)	(25 395)
(3 536)	(4 704)	Accumulated impairment	(4 704)	(3 536)
(265)	(286)	– Pipeline networks	(286)	(265)
(2 493)	(3 409)	– Port facilities	(3 409)	(2 493)
(778)	(1 009)	– Rail infrastructure	(1 009)	(778)
151 926	148 487	Net book value of property, plant and equipment stated at revalued amounts	148 487	151 926
294 997	299 703	Total net book value	299 703	294 997
		Land improvements, buildings and structures		
		A register of land, buildings and structures is available for inspection at the Company.		
		During the year, the Group transferred R24 million from (2024: R737 million to) investment property to property, plant and equipment. The fair value of property transferred from investment property is their deemed cost for subsequent accounting in accordance with IAS 16 <i>Property, Plant and Equipment</i> .		
		Assets under lease		
		Included in property, plant and equipment are assets under lease with a carrying value of		
2 493	2 261		2 261	2 493

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		9. Property, plant and equipment continued		
		Pipeline networks		
		Pipeline networks were revalued at 31 March 2025 based on the depreciated replacement cost (DRC) and discounted cash flow methods. Details of the significant unobservable input applied in the valuation are provided in the table on page 71 in note 9.		
		An external index valuation was performed as at 31 March 2025 by Kantey & Templar, an independent firm of professional valuers, on the basis of the depreciated replacement cost methodology.		
		As at 31 March 2025, the index valuation resulted in a fair value of R37,1 billion for all assets (2024: R37,4 billion based on a full valuation conducted by Kantey & Templar). The discounted cash flow method resulted in a fair value of R39,8 billion at 31 March 2025 for all assets (2024: R40,9 billion).		
		The external DRC valuation was applied to assets in the old pipeline network and this resulted in a net increase of R195 million (2024: R264 million net decrease) to the carrying value of the old pipeline assets. The new pipeline network assets remained at carrying value as per the point of range methodology.		
		Fair value hierarchy		
		Level 3 – significant unobservable inputs*	33 970	34 817
34 817	33 970	The historic cost carrying values of these assets amount to	29 280	30 127
30 127	29 280			
		Port facilities		
		Port infrastructure		
		Port infrastructure was revalued at 31 March 2025 based on the depreciated optimised replacement cost and discounted cash flow methods.		
		The discounted cash flow method resulted in a decrease of R388 million (2024: R1,05 billion decrease) to the carrying value of the port infrastructure assets. The last full external revaluation based on the depreciated optimised replacement cost method was performed at 31 March 2024, by Zutari (Pty) Ltd, an independent firm of professional valuers and resulted in a fair value of R90,5 billion.		
		The fair value of port infrastructure assets based on the discounted cash flow method is sensitive to changes in the discount rate and terminal growth rates. The rates applied at 31 March 2025 were 11,19% and 4,88% respectively. For example, a 0,1% change in the discount rate would result in a fair value change of R900 million. Similarly, a 0,1% change in the terminal growth rate would result in the fair value changing by R700 million.		
		Port operating assets		
		An index valuation was applied to port operating assets and resulted in an increase of R473 million (2024: R45,5 million increase) in the carrying value of the port operating assets. This also resulted in a R884 million impairment devaluation through profit and loss.		
		Fair value hierarchy		
		Level 3 – significant unobservable inputs*	65 161	67 564
67 564	65 161	The historical carrying values of these assets amount to	20 638	14 592
14 592	20 638			

* For more detail regarding the measurement of level 3 fair values refer to the table on page 71 in note 9.

Notes to the annual financial statements
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Company		9. Property, plant and equipment continued	Group	
2024	2025		2025	2024
R million	R million		R million	R million
		Rail infrastructure Rail infrastructure was revalued on 31 March 2025 based on the discounted cash flow method. The full revaluation based on the depreciated optimised replacement cost (DORC) method is performed every three years and was most recently performed at 31 March 2022, by Thelo and Duetsche Bhan consortium, an independent firm of professional valuers and resulted in a fair value of R224,8 billion. The DORC valuation scheduled for the 2025 financial year was not completed due to procurement delays and ongoing negotiations with the appointed service provider. Management is satisfied that the carrying value of infrastructure assets will not be impacted by this delay, due to the point in range valuation approach adopted in terms of the revaluation accounting policy. The updated DORC valuation is expected to be completed during the 2026 financial year. The discounted cash flow method resulted in a rail infrastructure devaluation of R2,2 billion (2024: R4,0 billion) at 31 March 2025. The discounted cash flow valuation is sensitive to changes in key inputs, such as the discount rate, terminal growth rate and operating cash flows. For example, a 0,1% change in the terminal growth rate would change the asset value by R862 million, whereas the same change in the discount rate will change the asset value by R2,8 billion.		
49 545	49 356	Fair value hierarchy Level 3 – significant unobservable inputs*	49 356	49 545
45 452	46 556	The historical carrying values of these assets amount to	46 556	45 452

* For more detail regarding the measurement of level 3 fair values refer to the table on page 71 in note 9.

Useful lives and residual values

In accordance with IAS 16 *Property, Plant and Equipment*, the useful lives and residual values of property, plant and equipment are reviewed at each reporting date. The useful lives are estimated by management based on historic analysis, benchmarking and other available information. The residual values are based on the estimated recoverable amount from disposal of the asset at the end of its economic life.

Residual values

During the year, management conducted its annual assessment of residual values on existing assets. The exercise resulted in a change in the residual values of the rolling stock (wagons) and railway component of the permanent way assets. The residual values were determined on average income recovered in the past financial year from scrap steel market prices international Rotterdam. The current reporting period impact is a decrease in depreciation of R13,9 million (2024: R25 million decrease).

Useful lives

The useful lives review was performed in line with the Group's accounting policy. The review done was performed by asset owners, users and specialists. The results of the assessment were a net decrease of R253 million (2024: R405,6 million decrease) in the depreciation expense due to a general increase in the useful lives of rolling stock locomotives, rail infrastructure and general assets.

Fully depreciated assets in use

The assets that were fully depreciated as at 31 March 2025 that are still in use have a historic cost amount of R6,9 billion (2024: R6,6 billion) and remain in the statement of financial position. The remaining carrying amounts will be retained in the asset register until the assets are disposed of.

Property, plant and equipment pledged as security for loans

Rolling stock and containers includes locomotives with a carrying value of R23,7 billion (2024: R23,6 billion) which are pledged as security for loans amounting to R11,3 billion (2024: R13,9 billion) raised to fund the acquisition of the locomotives (refer note 36).

Insurance compensation

R196,7 million (2024: R873,8 million) was received from insurance as compensation in respect of property, plant and equipment that was damaged, as a result of the flooding in Kwazulu-Natal in April 2022.

9. Property, plant and equipment continued

Measurement of level 3 fair values

The table below shows the valuation techniques and significant unobservable inputs applied in measuring level 3 fair values for assets at 31 March 2025.

Asset group	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			Company and Group	
			2025	2024
Pipeline networks	Discounted cash flow	• Discount rate (%)	13,99	14,73
		• Terminal growth rate (%)	4,41	4,52
		• Valuation period (years)	10	10
Port infrastructure	Discounted cash flow	• Discount rate (%)	11,19	11,27
		• Terminal growth rate (%)	4,88	5,93
		• Valuation period (years)	7	7
Port operating assets	Discounted cash flow	• Discount rate (%)	12,22 – 16,22	12,74
		• Terminal growth rate (%)	4,23	4,20
		• Valuation period (years)	20	20
Rail infrastructure	Discounted cash flow	• Discount rate (%)	11,93	12,04
		• Terminal growth rate (%)	4,45	4,50
		• Valuation period (years)	20	20

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9. Property, plant and equipment continued

PPE reconciliation

Group and Company	Aircraft R million	Floating craft R million	Land and land improvements R million	Buildings and structures R million	Machinery equipment and furniture R million	Permanent way and works R million	Pipeline networks R million	Port facilities R million	Rail infra- structure R million	Rolling stock and containers R million	Vehicles R million	Capital work-in- progress R million	31 March 2025 Total R million
Balance at the beginning of the year													
Historical cost and revaluation	514	5 151	6 526	26 126	13 304	1 462	64 033	131 777	75 718	153 908	5 557	36 331	520 407
Accumulated depreciation	(425)	(2 205)	(2 424)	(12 727)	(9 543)	(282)	(28 951)	(61 720)	(25 395)	(61 230)	(2 792)	—	(207 694)
Accumulated impairment	—	(12)	—	(328)	(413)	(14)	(265)	(2 493)	(778)	(9 589)	(39)	(3 785)	(17 716)
	89	2 934	4 102	13 071	3 348	1 166	34 817	67 564	49 545	83 089	2 726	32 546	294 997
Adjustment to asset classes*	—	—	—	(1 165)	—	—	—	—	1 165	—	—	—	—
Opening net carrying value at 1 April	89	2 934	4 102	11 906	3 348	1 166	34 817	67 564	50 710	83 089	2 726	32 546	294 997
Current year movements													
Replacements	48	965	67	7	296	6	14	191	4 304	5 070	3	8 615	19 586
Expansions	48	1	—	5	31	—	—	—	—	1	16	3 480	3 582
Acquisition through lease	—	—	—	100	31	—	—	—	—	—	733	—	864
Change in decommissioning liability	—	—	—	(19)	—	—	—	—	—	—	—	—	(19)
Disposals	—	—	(13)	(9)	(1)	—	—	(1)	—	(13)	(4)	—	(41)
Depreciation	(38)	(206)	(269)	(947)	(667)	(38)	(1 145)	(3 572)	(2 443)	(6 937)	(1 056)	—	(17 318)
Derecognition	—	—	(11)	(48)	(40)	(2)	—	—	(619)	(848)	(2)	—	(1 570)
(Devaluation)/revaluation adjustment recognised in other comprehensive income	—	—	—	—	—	—	195	85	(2 203)	—	—	—	(1 923)
Impairment recognised in profit or loss	—	—	—	—	—	—	(36)	(916)	(270)	—	(2)	(165)	(1 389)
Reversal of impairment recognised in profit or loss	—	12	—	96	114	—	13	—	—	762	—	233	1 230
Transferred to intangibles assets	—	—	—	—	—	—	—	—	—	—	—	(44)	(44)
Transfers (to)/from non-current assets classified as held-for-sale	—	—	(1)	(6)	(103)	—	—	35	—	(2)	—	(66)	(143)
Transfer from/(to) investment property	—	—	(4)	28	—	—	—	—	—	—	—	—	24
Borrowing costs capitalised	—	—	—	—	—	—	—	—	—	—	—	1 586	1 586
Transfer from inventory	—	—	—	—	4	—	—	—	—	86	97	94	281
Transfer from capital work in progress to assets	—	(1)	216	974	373	235	112	1 775	(123)	5 899	(29)	(9 431)	—
Total current year movement	58	771	(15)	181	38	201	(847)	(2 403)	(1 354)	4 018	(244)	4 302	4 706
Closing carrying value	147	3 705	4 087	12 087	3 386	1 367	33 970	65 161	49 356	87 107	2 482	36 848	299 703
Made up as follows:													
Historical cost and revaluation	610	6 102	6 739	24 793	12 736	1 702	65 212	132 614	76 906	163 698	5 821	40 577	537 510
Accumulated depreciation	(463)	(2 397)	(2 652)	(12 466)	(9 057)	(320)	(30 956)	(64 044)	(26 541)	(67 518)	(3 298)	—	(219 712)
Accumulated impairment	—	—	—	(240)	(293)	(15)	(286)	(3 409)	(1 009)	(9 073)	(41)	(3 729)	(18 095)
Closing carrying value at 31 March	147	3 705	4 087	12 087	3 386	1 367	33 970	65 161	49 356	87 107	2 482	36 848	299 703
Assets held under right-of-use contracts													
Carrying values of PPE comprise owned and leased assets, as follows:													
– Property, plant and equipment owned	147	3 705	4 084	11 900	3 362	1 367	33 970	65 159	49 356	87 107	437	36 848	297 442
– Right-of-use assets	—	—	3	187	24	—	—	2	—	—	2 045	—	2 261
Total	147	3 705	4 087	12 087	3 386	1 367	33 970	65 161	49 356	87 107	2 482	36 848	299 703
Right-of-use assets													
Additions during the year	—	—	—	100	31	—	—	—	—	—	733	—	864
Depreciation expense during the year (included above)	—	—	—	(54)	(14)	—	—	—	—	—	(1 056)	—	(1 124)

* Relates to adjustments between asset classes due to incorrect transfers in the prior financial years.

Notes to the annual financial statements

for the year ended 31 March 2025

9. Property, plant and equipment continued

PPE reconciliation

Company and Group	Aircraft R million	Floating craft R million	Land and land improvements R million	Buildings and structures R million	Machinery equipment and furniture R million	Permanent way and works R million	Pipeline networks R million	Port facilities R million	Rail infra- structure R million	Rolling stock and containers R million	Vehicles R million	Capital work-in- progress R million	31 March 2024 Total R million
Balance at the beginning of the year													
Historical cost and revaluation	507	5 020	5 763	25 805	13 593	1 459	65 047	132 483	74 538	150 020	4 638	37 555	516 428
Accumulated depreciation	(367)	(2 015)	(2 036)	(11 899)	(9 288)	(258)	(28 676)	(59 491)	(24 142)	(57 417)	(2 135)	—	(197 724)
Accumulated impairment	—	(94)	—	(260)	(291)	(15)	(218)	(2 552)	(1 285)	(10 043)	(65)	(3 646)	(18 469)
	140	2 911	3 727	13 646	4 014	1 186	36 153	70 440	49 111	82 560	2 438	33 909	300 235
Adjustment to asset classes*	—	—	(49)	(87)	(71)	—	—	—	116	1	—	90	—
Opening net carrying value at 1 April	140	2 911	3 678	13 559	3 943	1 186	36 153	70 440	49 227	82 561	2 438	33 999	300 235
Current year movements													
Replacements	8	—	—	4	127	5	—	—	1 936	5 615	2	5 477	13 174
Expansions	—	1	—	3	32	—	—	—	—	29	2	2 040	2 107
Acquisition through lease	—	—	—	128	32	—	—	—	—	—	1 221	—	1 381
Change in decommissioning liability	—	—	—	8	—	—	—	—	—	—	—	—	8
Disposals	—	—	—	(5)	—	(1)	(14)	(51)	(5)	(4)	(42)	(77)	(199)
Depreciation	(59)	(188)	(380)	(901)	(633)	(24)	(1 154)	(3 479)	(2 378)	(5 849)	(1 028)	—	(16 073)
Derecognition	—	—	—	—	—	—	—	—	(388)	(1 044)	—	—	(1 432)
(Devaluation)/revaluation adjustment recognised in other comprehensive income	—	—	475	—	—	—	(264)	(1 005)	(4 021)	—	—	—	(4 815)
Impairment recognised in profit or loss	—	—	—	(108)	(167)	—	(62)	—	—	(114)	—	(125)	(576)
Reversal of impairment recognised in profit or loss	—	82	—	34	58	—	13	59	507	31	—	3	787
Transferred to intangibles assets	—	—	—	—	—	—	—	—	—	—	—	(24)	(24)
Transfers to non-current assets classified as held-for-sale	—	—	(1)	(6)	(9)	—	—	(9)	—	(74)	(1)	—	(100)
Transfer to investment property	—	—	(725)	(12)	—	—	—	—	—	—	—	—	(737)
Borrowing costs capitalised	—	—	—	—	—	—	—	—	—	—	—	1 358	1 358
Transfer (to)/from inventory	—	—	—	3	(1)	—	—	—	—	(68)	—	(31)	(97)
Transfer from capital work in progress to assets	—	128	1 055	364	(34)	—	145	1 609	4 667	2 006	134	(10 074)	—
Total current year movement	(51)	23	424	(488)	(595)	(20)	(1 336)	(2 876)	318	528	288	(1 453)	(5 238)
Closing carrying value	89	2 934	4 102	13 071	3 348	1 166	34 817	67 564	49 545	83 089	2 726	32 546	294 997
Made up as follows:													
Historical cost and revaluation	514	5 151	6 526	26 126	13 304	1 462	64 033	131 777	75 718	153 908	5 557	36 331	520 407
Accumulated depreciation	(425)	(2 205)	(2 424)	(12 727)	(9 543)	(282)	(28 951)	(61 720)	(25 395)	(61 230)	(2 792)	—	(207 694)
Accumulated impairment	—	(12)	—	(328)	(413)	(14)	(265)	(2 493)	(778)	(9 589)	(39)	(3 785)	(17 716)
Closing carrying value at 31 March	89	2 934	4 102	13 071	3 348	1 166	34 817	67 564	49 545	83 089	2 726	32 546	294 997
Assets held under right-of-use contracts													
Carrying values of PPE comprise owned and leased assets, as follows:													
– Property, plant and equipment owned	89	2 934	4 099	12 930	3 335	1 166	34 817	67 563	49 545	83 089	391	32 546	292 504
– Right-of-use assets	—	—	3	141	13	—	—	1	—	—	2 335	—	2 493
Total	89	2 934	4 102	13 071	3 348	1 166	34 817	67 564	49 545	83 089	2 726	32 546	294 997
Right-of-use assets													
Additions during the year	—	—	—	128	32	—	—	—	—	—	1 221	—	1 381
Depreciation expense during the year (included above)	—	—	—	(21)	(27)	—	—	—	—	—	(879)	—	(927)

* Includes adjustments between asset classes and capital work in progress due to incorrect transfers in the 2023 financial year.

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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		10. Investment property		
29 535	30 822	Carrying value at the beginning of the year	30 822	29 535
737	(24)	Transferred (to)/from property, plant and equipment (refer note 9)	(24)	737
615	1 868	Fair value adjustment recognised in profit and loss (refer note 5)	1 868	615
(65)	—	Disposals	—	(65)
—	36	Additions	36	—
—	(445)	Transferred to assets classified as held-for-sale (refer note 20)	(445)	—
30 822	32 257	Carrying value at the end of the year*	32 257	30 822
33 005	34 505	Fair value hierarchy Level 3 – significant unobservable inputs	34 505	33 005

* The carrying amount of investment property at the end of the year excludes the lease smoothing adjustments of R2,2 billion (2024: R2,2 billion) which would previously have been included in the fair value of investment property.

The investment property portfolio consist of commercial properties (ie office and retail) and industrial properties across South Africa. The valuation of the Group's investment properties at 31 March 2025 was carried out by independent external valuers, and conforms to the Property Valuers Profession Act, No. 47 of 2000. A full valuation was performed for one third of the investment property portfolio and a desktop valuation was undertaken for the remainder of the property.

The gross lease income earned by the Group from its investment property which are leased out under operating leases amounted to R3,6 billion (2024: R3,4 billion). Of this amount, nil related to variable lease payments that do not depend on an index or a rate. Direct operating expenses arising on the investment property during the year amounted to R2,1 billion (2024: R1,8 billion). No material direct expenses (including repairs and maintenance) arising on investment property, that did not generate rental income during the year, were incurred.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

The fair value of investment property at 31 March 2025 was determined using the capitalisation method and the discounted cash flows method.

Capitalisation method

Under this method, the fair value of property was derived by capitalising the normalised net annual income at market derived capitalisation rates, which are adjusted where appropriate, to reflect the risk profile of each individual property. The capitalisation rate is calculated by dividing the net annual return from rental by the purchase price or market value of a property. The comparative method was applied to instances where the capitalisation rates were not available. The significant unobservable inputs applied are the capitalisation rates and the net rental/m2, which are detailed in the table below.

The fair value of investment property is sensitive to the capitalisation rates, which is a measure of the perceived risk associated with the stability of the income stream produced by the property. The higher the capitalisation rate, the higher the perceived risk and the lower the fair value; and conversely for a lower capitalisation rate. Factors that affect the capitalisation rates include the expected return on the property, the income growth rate, lease duration, property type, location and the replacement cost of the property, among others.

Discounted cash flows method

The discounted cash flows method calculates the present value of the future net cash flows expected to be generated by a property using a risk adjusted discount rate. Significant unobservable inputs involved in the calculation are disclosed in the table below.

Significant unobservable inputs detail – 2025

Capitalistion rate method								
Capitalisation rate (%)	Port – Land	Land	Industrial	Office	Residential	Retail	Other	Mixed use
Minimum	8,00%	9,00%	8,50%	12,00%	n/a	8,50%	8,00%	10,50%
Maximum	12,50%	13,50%	12,50%	13,30%	n/a	12,50%	13,00%	12,00%
Weighted average	10,45%	11,13%	9,34%	12,21%	n/a	9,67%	10,31%	11,94%
Net rentals (R/m² per month)								
Minimum	R0,74	R0,04	R1,92	R62,64	n/a	R36,99	R16,85	R11,44
Maximum	R14,70	R8,01	R90,82	R74,92	n/a	R115,06	R87,63	R41,03
Weighted average	R5,11	R0,24	R23,14	R64,90	n/a	R93,79	R27,99	R28,67
Comparative method								
Price (R/m²)								
Minimum	n/a	R2,27	R50,00	n/a	n/a	n/a	R39,48	R120,77
Maximum	n/a	R3 125,00	R800,00	n/a	n/a	n/a	R3 205,92	R1 600,00
Weighted average	n/a	R192,20	R487,59	n/a	n/a	n/a	R183,37	R426,07
Discounted cash flows method								

The key assumptions and significant unobservable inputs applied in the valuation include the following:

- The future cash flows are based on the pre-tax market-related rentals for each investment property;
- Contractual rentals and escalation rates were applied to determine the expected future cash flows;
- Vacancy rates were applied to vacant property; and
- Discount rates were determined using property market reports adjusted to reflect the risks inherent in the net cash flows where appropriate and ranged from 12,00% to 15,00%.

10. Investment property continued

Significant unobservable inputs detail – 2024

Capitalistion rate method								
Capitalisation rate (%)	Port – Land	Land	Industrial	Office	Residential	Retail	Other	Mixed use
Minimum	10,00%	10,00%	9,00%	10,00%	n/a	9,25%	10,00%	12,00%
Maximum	12,00%	12,00%	13,00%	13,00%	n/a	12,00%	11,80%	12,00%
Weighted average	10,40%	10,74%	9,22%	11,52%	n/a	10,06%	10,94%	12,00%
Net rentals (R/m² per month)								
Minimum	R1,13	R0,09	R6,67	R15,47	n/a	R21,94	R8,12	R20,59
Maximum	R7,57	R10,33	R159,22	R103,37	n/a	R179,36	R48,68	R41,31
Weighted average	R5,84	R1,72	R28,41	R68,75	n/a	R93,08	R27,98	R30,95
Comparative method								
Price (R/m²)								
Minimum	n/a	R1,00	R80,00	n/a	n/a	n/a	R36,10	R375,00
Maximum	n/a	R2 150,09	R565,00	n/a	n/a	n/a	R805,00	R375,00
Weighted average	n/a	R145,40	R250,00	n/a	n/a	n/a	R356,08	R375,00

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
756	713	11. Intangible assets	713	756
3 976	4 083	Intangible assets	4 083	3 976
(3 220)	(3 370)	Cost	(3 370)	(3 220)
		Accumulated amortisation and impairment		
		Comprising:		
756	713	Finite life intangible assets	713	756
3 976	4 083	Software and licences: carrying value*	4 083	3 976
3 724	3 976	Cost	3 976	3 724
229	102	Balance at the beginning of the year	102	229
1	6	Additions	6	1
(2)	(45)	Borrowing costs capitalised	(45)	(2)
24	44	Disposals	44	24
(3 220)	(3 370)	Transfers from property, plant and equipment (refer note 9)	(3 370)	(3 220)
(3 020)	(3 220)	Accumulated amortisation and impairment	(3 220)	(3 020)
2	45	Balance at the beginning of the year	45	2
(184)	(197)	Disposals	(197)	(184)
(18)	2	Amortisation (refer note 3)	2	(18)
		Reversal of impairment/(impairment) (refer note 4.2.2)		

* Includes capital-work-in-progress of R206 million (2024: R104 million).

12. Investments in subsidiaries (refer note 37)

—	—	Shares at carrying value		
—	—	Amounts owing by subsidiaries		
—	—			
—	—	Provision for impairment and losses		
—	—			

13. Investments in associates and joint ventures (refer note 37)

8	8		72	77
8	8	Balance at the beginning of the year	77	73
—	—	Share of profit	2	10
—	—	Dividends received	(7)	(6)
8	8	Directors' valuation of unlisted investments in associates and joint ventures	72	77
		Income from associates and joint ventures	2	10

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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		14. Derivative financial assets and liabilities		
		Both the Company and the Group use approved financial instruments, in particular forward exchange contracts, cross-currency swaps and interest rate swaps, to hedge the financial risks associated with underlying business activities. All derivative financial instruments are measured at fair value with gains or losses taken to profit or loss or other comprehensive income – where cash flow hedge accounting is applied.		
		The methods used to measure financial assets and financial liabilities carried at fair value are disclosed in note 36, together with a description of the Group's financial instrument risks, and risk management objectives and policies.		
6 011	3 511	Derivative financial assets	3 511	6 011
3 418	6 011	Opening balance	6 011	3 418
2 113	(2 954)	Fair value adjustments	(2 954)	2 113
480	454	Derivatives settled and raised	454	480
311	453	Derivative financial liabilities	453	311
583	311	Opening balance	311	583
(74)	259	Fair value adjustments	259	(74)
(198)	(117)	Derivatives settled and raised	(117)	(198)
2 187	(3 213)	Net fair value adjustments	(3 213)	2 187
(228)	(183)	Derivative fair value adjustments (refer note 5)*	(183)	(228)
(1 334)	(1 438)	Finance costs	(1 438)	(1 334)
3 749	(1 592)	Recognised in other comprehensive income (refer note 22)	(1 592)	3 749
		Comprise the following financial instruments:		
6 011	3 502	Non-current assets	3 502	6 011
6 011	3 502	Cross-currency swaps and options	3 502	6 011
—	9	Current assets	9	—
—	9	Forward exchange contracts	9	—
311	443	Non-current liabilities	443	311
311	443	Interest rate swaps and options	443	311
—	10	Current liabilities	10	—
—	10	Forward exchange contracts	10	—
Ratio	Ratio	Hedge accounting	Ratio	Ratio
1:1	1:1	Hedge ratio	1:1	1:1

* Comprised of hedge ineffectiveness loss of R152 million (2024: R30 million loss) from cash flow hedges, fair value loss of R10 million (2024: R6 million loss) on forward exchange contracts to which fair value hedge accounting was applied, and fair value losses on economic hedges to which hedge accounting was not applied of R21 million (2024: R192 million loss).

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		14. Derivative financial assets and liabilities continued		
		Fair value hedges of firm commitments		
		The Group entered into fair value hedges of the foreign exchange risk on firm commitments to import items of property, plant and equipment. The Group settles the contract price of these items by making pre-determined progress payments (in foreign currency) to the relevant suppliers as specified milestones are achieved.		
		At 31 March 2025, the Group held a series of forward exchange contracts as hedging instruments for this purpose. These hedges were assessed to be effective. The ineffective portion of the hedge has been recorded in profit and loss- fair value adjustments.		
		The fair values of these forward exchange contracts held as hedging instruments at 31 March 2025 are as follows:		
—	3	Currency bought forward – Euro gain	3	—
—	(4)	Currency bought forward – United States dollar loss	(4)	—
		The net fair value loss recognised in profit and loss on these fair value hedges during the year was a R2 million loss (2024: R3 million loss). This net fair value adjustment comprised of a gain of R6 million (2024: R9 million loss) with respect to foreign exchange risk on the firm commitments, and a loss of R8 million (2024: R6 million gain) on the forward exchange contracts.		
		The nominal values of these forward exchange contracts at 31 March 2025 are as follows:		
—	215	Currency bought forward – rand equivalent	215	—
—	596	Euro	596	—
		United States dollar		
1	1	Currency bought forward – foreign currency	1	1
		United States dollar		

Cash flow hedges

Interest rate swaps

On 31 March 2025, the Group was party to interest rate swap contracts, which are designated as cash flow hedges of the interest rate risks associated with rand-denominated borrowings detailed in the table below:

Lender	Hedge counterparty	Nominal R million	Hedge interest rate payable	Hedge interest rate receivable	Maturity date
ABSA Bank Ltd	Nedbank	651	11,83 fixed	3 month JIBAR + 2,6%	02-Dec-2030
Bank of China – JHB Branch	Nedbank	821	11,83 fixed	3 month JIBAR + 2,7%	02-Dec-2030
Nedbank Ltd	Nedbank	279	11,83 fixed	3 month JIBAR + 2,7%	02-Dec-2030
Futuregrowth Asset Management (Pty) Ltd	Nedbank	279	11,83 fixed	3 month JIBAR + 2,7%	02-Dec-2030
Old Mutual Life Assurance Co (SA) Ltd (R163 million) and Old Mutual Specialised Finance (Pty) Ltd (R116 million)	Nedbank	279	11,83 fixed	3 month JIBAR + 2,7%	02-Dec-2030
ABSA Bank Ltd	Nedbank	651	12,27 fixed	3 month JIBAR + 2,6%	02-Dec-2030
Bank of China – JHB Branch	Nedbank	821	12,27 fixed	3 month JIBAR + 2,7%	02-Dec-2030
Nedbank Ltd	Nedbank	1 395	12,27 fixed	3 month JIBAR + 2,7%	02-Dec-2030
Old Mutual Life Assurance Co (SA) Ltd (R325 million) and Old Mutual Specialised Finance (Pty) Ltd (R233 million)	TSDBF Old Mutual*	558	12,27 fixed	3 month JIBAR + 2,7%	02-Dec-2030
Futuregrowth Asset Management (Pty) Ltd	Nedbank	558	12,27 fixed	3 month JIBAR + 2,7%	02-Dec-2030
Investec Bank Ltd	TSDBF Old Mutual*	2 097	12,07 fixed	3 month JIBAR + 2,0%	22-Feb-2028
Liberty Group Limited	TSDBF Old Mutual*	729	11,15 fixed	3 month JIBAR + 1,75%	19-Jul-2032
Old Mutual Life Assurance Company of South Africa (OMLACSA) (R253 million) and Old Mutual Specialised Finance (Pty) Ltd (OMSFIN) (R187 million)	Nedbank	440	11,15 fixed	3 month JIBAR + 2,05%	31-Mar-2033
Total exposure		9 558			

* These interest-rate swap contracts were entered into with Transnet Second Defined Benefit Fund and have a carrying value of R142 million (2024: R116 million).

The terms of the interest rate swaps closely match those of the rand-denominated borrowings they hedge and were assessed as highly effective hedges. The amount of ineffectiveness recognised in profit and loss for the year with respect to these hedges was a R26 million loss (2024: R177 million gain). The amount recycled to profit and loss to offset the hedged risks was a R145 million loss (2024: R164 million loss), included in finance costs.

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14. Derivative financial assets and liabilities continued

Cash flow hedges continued

Cross-currency interest rate swaps

On 31 March 2025, the Group was party to cross-currency interest rate swap contracts which are designated as cash flow hedges of the foreign exchange rate and interest rate risks associated with foreign currency denominated borrowings detailed in the table below:

Lender	Hedge counterparty	Nominal USD million	Hedge interest rate payable	Hedge interest rate receivable	Maturity date
TNUS 28 GMTN US dollar bond					
Tranche 1	RMB/Division of FirstRand Bank Ltd	200	13,72% fixed	8,25% fixed (USD)	07-Feb-2028
Tranche 2	Goldman Sachs	300	13,075% fixed	8,25% fixed (USD)	07-Feb-2028
Tranche 3	Deutsche Bank	500	13,64% fixed	8,25% fixed (USD)	07-Feb-2028
Deutsche Bank SOFR loan					
Tranche 1	JP Morgan	272	3-month JIBAR + 5,33	SOFR + 4,65129%	21-Jun-2027
Tranche 2	RMB/Division of FirstRand Bank Ltd	156	3-month JIBAR + 5,26	SOFR + 4,65129%	21-Jun-2027
China Development Bank (CDB)					
Loan 1	JPMorgan Chase Bank – JHB Branch	165	3-month JIBAR + 4,364%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 2	JPMorgan Chase Bank – JHB Branch	8	3-month JIBAR + 4,344%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 3	JPMorgan Chase Bank – JHB Branch	8	3-month JIBAR + 4,379%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 4	JPMorgan Chase Bank – JHB Branch	4	3-month JIBAR + 4,374%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 5	JPMorgan Chase Bank – JHB Branch	11	3-month JIBAR + 4,324%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 6	JPMorgan Chase Bank – JHB Branch	10	3-month JIBAR + 4,314%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 7	JPMorgan Chase Bank – JHB Branch	11	3-month JIBAR + 4,309%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 8	JPMorgan Chase Bank – JHB Branch	9	3-month JIBAR + 4,184%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 9	JPMorgan Chase Bank – JHB Branch	9	3-month JIBAR + 4,2615%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 10	JPMorgan Chase Bank – JHB Branch	15	3-month JIBAR + 4,0865%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 11	JPMorgan Chase Bank – JHB Branch	4	3-month JIBAR + 4,024%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 12	JPMorgan Chase Bank – JHB Branch	11	3-month JIBAR + 3,984%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 13	JPMorgan Chase Bank – JHB Branch	7	3-month JIBAR + 4,024%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 14	JPMorgan Chase Bank – JHB Branch	14	3-month JIBAR + 3,854%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 15	JPMorgan Chase Bank – JHB Branch	6	3-month JIBAR + 3,854%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 16	JPMorgan Chase Bank – JHB Branch	7	3-month JIBAR + 3,974%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 17	JPMorgan Chase Bank – JHB Branch	4	3-month JIBAR + 4,009%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 18	JPMorgan Chase Bank – JHB Branch	10	3-month JIBAR + 4,014%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 19	JPMorgan Chase Bank – JHB Branch	5	3-month JIBAR + 3,954%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 20	JPMorgan Chase Bank – JHB Branch	12	3-month JIBAR + 3,894%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 21	JPMorgan Chase Bank – JHB Branch	7	3-month JIBAR + 3,904%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 22	JPMorgan Chase Bank – JHB Branch	10	3-month JIBAR + 3,904%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 23	JPMorgan Chase Bank – JHB Branch	10	3-month JIBAR + 3,894%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 24	JPMorgan Chase Bank – JHB Branch	10	3-month JIBAR + 3,924%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 25	JPMorgan Chase Bank – JHB Branch	9	3-month JIBAR + 3,874%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 26	JPMorgan Chase Bank – JHB Branch	7	3-month JIBAR + 3,954%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 27	JPMorgan Chase Bank – JHB Branch	3	3-month JIBAR + 3,884%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 28	JPMorgan Chase Bank – JHB Branch	9	3-month JIBAR + 3,834%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 29	JPMorgan Chase Bank – JHB Branch	16	3-month JIBAR + 3,789%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 30	JPMorgan Chase Bank – JHB Branch	17	3-month JIBAR + 3,794%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 31	JPMorgan Chase Bank – JHB Branch	8	3-month JIBAR + 3,804%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 32	JPMorgan Chase Bank – JHB Branch	3	3-month JIBAR + 3,814%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 33	JPMorgan Chase Bank – JHB Branch	5	3-month JIBAR + 3,794%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 34	JPMorgan Chase Bank – JHB Branch	11	3-month JIBAR + 3,724%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 35	JPMorgan Chase Bank – JHB Branch	3	3-month JIBAR + 3,734%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 36	JPMorgan Chase Bank – JHB Branch	10	3-month JIBAR + 3,804%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 37	JPMorgan Chase Bank – JHB Branch	9	3-month JIBAR + 3,864%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 38	JPMorgan Chase Bank – JHB Branch	5	3-month JIBAR + 3,854%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 39	JPMorgan Chase Bank – JHB Branch	4	3-month JIBAR + 3,834%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 40	JPMorgan Chase Bank – JHB Branch	23	3-month JIBAR + 3,674%	SOFR + 2,83161% (USD)	12-Jun-2030
Loan 41	JPMorgan Chase Bank – JHB Branch	6	3-month JIBAR + 3,574%	SOFR + 2,83161% (USD)	12-Jun-2030
Total exposure		1 943			

14. Derivative financial assets and liabilities continued

The terms of the cross-currency interest rate swaps closely match those of the foreign currency-denominated borrowings they hedge and were assessed as highly effective hedges. The amount of ineffectiveness recognised in profit and loss for the year with respect to these hedges was a R82 million gain (2024: R138 million gain). The main source of hedge ineffectiveness in the hedging relationships is the effect of the counterparty and the Group’s own credit risk on the fair value of the swaps, which is not reflected in the fair value of the hedged items attributable to changes in the hedged risks. No other sources of ineffectiveness emerged from these hedging relationships.

The amount recycled to profit and loss to offset the hedged risks was a R2,6 billion gain (2024: R1,7 billion loss), included in finance costs.

The cash flows are projected to occur:

- Semi-annually in July and January until February 2028 on the TNUS28 bond hedge; Semi-annually in June and December until June 2027 on the Deutsche Bank hedge; and
- Quarterly until June 2030 on the CDB hedge.

Company		Group		
2024 R million	2025 R million		2025 R million	2024 R million
		The fair values of the cross-currency interest rate swaps at 31 March 2025 are as follows:		
3 624	2 682	CDB	2 682	3 624
1 011	661	TNUS28	661	1 011
1 376	159	Deutsche Bank	159	1 376
		The nominal amounts of the cross-currency interest rate swaps at 31 March 2025 are as follows:		
35 895	31 665	South African Rand	31 665	35 895
2 214	1 943	United States Dollar	1 943	2 214
		Day-one loss asset		
1 258	1 018	Loss at the beginning of the year	1 018	1 258
—	—	Day one loss recognised	—	—
(240)	(236)	Amortised to profit and loss	(236)	(240)
1 018	782	Loss at the end of the year	782	1 018
		The unamortised day one loss is included within long-term financial assets.		
—	—		—	—
—	—	Carrying amount at the beginning of the year	—	—
—	—	Impairment	—	—
—	—	Less: Short-term portion transferred to trade and other receivables	—	—
—	—	Comprising:	—	—
		Other loans and advances*		
299	39	Gross carrying value	39	299
(299)	(39)	Impairment	(39)	(299)

* Other loans and advances are measured at amortised cost, and are comprised of a loan to South African Express Airways SOC Ltd of which the full balance of R260 million was written-off in the current reporting period, resulting in a nil balance (2024: R260 million) and the FNB housing loans of which the full balance of R39 million (2024: R39 million) was provided for as irrecoverable.

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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		16. Long-term investments and other assets, short-term investments, and other non-current liabilities		
		16.1 Long-term investments and other assets		
957	1 246	Held at amortised cost ¹	1 245	956
176	239	Held at FVTPL ²	239	176
1 335	1 300	Lease smoothing asset	1 300	1 335
1 018	782	Day-one loss asset	782	1 018
3 486	3 567		3 566	3 485
		16.2 Short-term investments		
39	41	Short-term portion of other financial assets including resale agreements	41	39
39	41		41	39
		16.3 Other non-current liabilities		
3 265	3 212	Security of supply petroleum levy	3 212	3 265
285	272	Financial liabilities ³	272	285
3 550	3 484		3 484	3 550
		¹ The directors estimate that the carrying amount of financial assets held at amortised cost approximate their fair value. Includes a restricted investment for the rehabilitation of Transnet Pipelines land and long-term debtors.		
		² Freight Dynamics Guardrisk insurance cell captive held for insurance purposes for Freight Rail customers.		
		³ Financial liabilities relate mainly to warranty provisions for the locomotive build programmes.		
		17. Inventory		
		At weighted average cost		
4 245	4 996	Maintenance material	4 996	4 245
739	768	Consumables	768	739
68	47	Work-in-progress ¹	47	68
(969)	(985)	Provision for stock obsolescence ²	(985)	(969)
4 083	4 826		4 826	4 083
		¹ Included in work in progress are costs for contract assets (refer note 27).		
		² The increase in the provision for stock obsolescence is due to slow moving items assessed at the end of the current financial year. No items of inventory have been pledged as security at 31 March 2025 (2024: nil).		
		The cost of inventory used during the period of R1,9 billion (2024: R1,5 billion) and the increase in the provision for obsolescence of R16 million (2024: R181 million increase) are recognised in operating expenses (refer note 2 – material costs).		

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		18. Trade and other receivables		
5 856	7 798	Trade receivables – net of allowances for credit losses ¹	7 798	5 856
11 660	11 849	Trade receivables ^{1, 2}	11 849	11 660
(5 804)	(4 051)	Allowance for expected credit losses	(4 051)	(5 804)
		Prepayments and other amounts receivable – net of allowances for credit losses ^{1, 2}		
3 348	2 754		2 778	3 372
3 959	3 640	Prepayments and other amounts receivable ³	3 664	3 983
(611)	(886)	Allowance for expected credit losses	(886)	(611)
9 204	10 552		10 576	9 228
		Total allowance for expected credit losses		
(4 416)	(6 415)	Opening balance	(6 415)	(4 416)
(2 543)	(696)	Raised	(696)	(2 543)
544	2 174	Utilised	2 174	544
(6 415)	(4 937)	Closing balance	(4 937)	(6 415)
(5 804)	(4 051)	Allowance for expected credit losses on trade receivables from contracts with customers	(4 051)	(5 804)
(611)	(886)	Allowance for expected credit losses on other receivables	(886)	(611)
(6 415)	(4 937)	Total allowance for expected credit losses	(4 937)	(6 415)
		¹ Trade receivables include an amount of R4,1 billion (2024: R4,3 billion) relating to receivables which were discounted under a full recourse arrangement with a financial institution and did not meet the derecognition criteria in IFRS 9. The corresponding liability was included in trade payables and accruals (note 28).		
		² Trade and other receivables include an amount of R1,3 billion (2024: R1,6 billion) relating to receivables from related parties.		
		³ Other amounts receivable consist mainly of receivables relating to other income of R1,5 billion (2024: R1,5 billion) and straight-lining of lease debtors of R948 million (2024: R848 million).		
		19. Cash and cash equivalents		
13 870	9 991	Bank balances*	9 991	13 870
14	1	Cash	1	14
13 884	9 992		9 992	13 884
		* Included in bank balances is a restricted deposit account due to an arrangement with a lender amounting to R1,3 billion (2024: R1,2 billion).		

Notes to the annual financial statements
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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		20. Assets classified as held-for-sale		
		Non-current assets classified as held-for-sale		
329	440	Property, plant and equipment*	440	329
269	329	Net carrying value at the beginning of the year	329	269
(40)	(32)	Disposals	(32)	(40)
100	143	Transferred from property, plant and equipment (refer note 9)	143	100
9	454	Investment property**	454	9
9	9	Fair value at the beginning of the year	9	9
—	445	Transferred from investment property (refer note 10)	445	—
61	38	Other investments***	38	61
48	61	Balance at the beginning of the year	61	48
13	(23)	Fair value movement during the year	(23)	13
399	932	Total assets transferred to non-current assets classified as held-for-sale	932	399
		* Property, plant and equipment classified as held-for-sale relate mainly to rolling stock and containers that are damaged, obsolete or no longer in use. These assets will be disposed of through the Transnet procurement policy via the reverse logistics process and auctioneers and is expected to be disposed of by 31 March 2026.		
		** Transnet is currently disposing of property that is classified as non-core, and hence is no longer required for mainline business, and is expected to be disposed of by 31 March 2026. The fair value measurements are categorised as level 3.		
		*** Equity investment in Rumo Logistica Operadora Multi-model S.A. (Rumo), a Brazilian registered Company, and is expected to be disposed of by 31 March 2026 after the related administrative processes are resolved. The investment, previously accounted for as available-for-sale, was designated as at FVTOCI on initial application of IFRS 9. The fair value measurement is categorised as level 1 – refer to note 36 for more details.		
		21. Issued capital		
		Authorised		
30 000	30 000	30 000 000 000 ordinary par value shares of R1 each	30 000	30 000
		Issued		
18 498	18 498	18 497 986 310 ordinary par value shares of R1 each	18 498	18 498

The unissued share capital is under the control of the South African Government, the sole shareholder of the Company. The issued capital is fully paid.

Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence to support future growth of the business. Capital efficiency is measured in terms of returns on equity and the asset base, as well as the gearing ratio, which is monitored by the Board. The capital structure of the Group consists of equity attributable to the equity holder, the South African Government, comprising issued capital, non-distributable reserves and retained earnings as disclosed in notes 21 and 22. Transnet SOC Ltd is not subject to any externally imposed capital requirements.

Based on the significant capital investment plan of the Company, as well as its revenue-generating ability, the target debt to equity ratio will remain below the 50% limit that forms part of the Shareholder's Compact with the Shareholder Representative (2025: actual 49,6%).

There were no changes to the capital management approach during the financial year.

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		22. Reserves		
60 717	59 265	Revaluation reserves¹	59 265	60 717
7 623	7 782	Revaluation of pipeline networks	7 782	7 623
8 168	7 623	Balance at the beginning of the year	7 623	8 168
(264)	195	Revaluation/(devaluation) during the year	195	(264)
(228)	—	Transfer to retained earnings	—	(228)
(53)	(36)	Decommissioning restoration liability adjustment	(36)	(53)
63 686	63 809	Revaluation of port facilities	63 809	63 686
64 602	63 686	Balance at the beginning of the year	63 686	64 602
(1 005)	85	Revaluation/(devaluation) during the year	85	(1 005)
(116)	(40)	Transfer to retained earnings	(40)	(116)
205	78	Decommissioning restoration liability adjustment	78	205
8 030	5 792	Revaluation of rail infrastructure	5 792	8 030
12 072	8 030	Balance at the beginning of the year	8 030	12 072
(4 021)	(2 203)	Devaluation during the year	(2 203)	(4 021)
(21)	(35)	Transfer to retained earnings	(35)	(21)
3 813	3 813	Revaluation of land, buildings and structures	3 813	3 813
3 338	3 813	Balance at the beginning of the year	3 813	3 338
475	—	Fair value movement during the year	—	475
(22 435)	(21 931)	Deferred tax impact of items relating to revaluation reserves	(21 931)	(22 435)
41	21	Revaluation to fair value²	21	41
51	28	Equity investment (Rumo Ltd) – revaluation to market value	28	51
38	51	Balance at the beginning of the year	51	38
13	(23)	Fair value movement during the year	(23)	13
(10)	(7)	Deferred tax impact of items relating to revaluation to market value	(7)	(10)
2 653	2 650	Actuarial gains on post-retirement benefit obligations³	2 650	2 653
3 632	3 628	Gross actuarial gains on post-retirement benefit obligations	3 628	3 632
3 561	3 632	Balance at the beginning of the year	3 632	3 561
71	(4)	(Losses)/gains arising during the year	(4)	71
(979)	(978)	Deferred tax impact of net actuarial gains	(978)	(979)

¹ The revaluation reserve relates to the revaluation of property, plant and equipment in accordance with IAS 16.

² Revaluation to fair value comprises the cumulative net change in the fair value of equity securities designated at FVTOCI until the related asset is derecognised or reclassified.

³ The actuarial gains or losses on post-retirement benefit obligations comprises re-measurements of the net defined benefit liability/(asset) which are recognised in other comprehensive income in accordance with IAS 19 Employee Benefits; including actuarial gains or losses, return on plan assets and any changes in the effect of the asset ceiling.

Notes to the annual financial statements

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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		22. Reserves continued		
277	(163)	Cash flow hedging reserve¹	(163)	277
358	(245)	Gross cash flow hedging reserve	(245)	358
(284)	358	Balance at the beginning of the year	358	(284)
3 749	(1 592)	(Loss)/profit arising during the year	(1 592)	3 749
(3 107)	989	Transfer to foreign exchange differences	989	(3 107)
(81)	82	Deferred tax impact of items relating to cash flow hedging reserve	82	(81)
250	250	Other reserves²	249	249
250	250	Share of pension fund surplus (retained for application against pensioners)	249	249
55 547	53 721	Retained earnings	53 829	55 660
62 513	55 547	Balance at the beginning of the year	55 660	62 622
365	75	Transfers into retained earnings	75	365
(7 331)	(1 901)	Loss for the year attributable to the equity holder	(1 906)	(7 327)
119 485	115 744		115 851	119 597
		¹ The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the amounts in profit or loss or direct inclusion in the initial cost or other carrying amount of a non-financial asset or non-financial liability.		
		² Share of pension fund surplus retained for application against pensioner related claims.		
		23. Employee benefits		
638	623	Post-retirement benefit obligations	623	638
729	638	Balance at the beginning of the year	638	729
87	80	Income statement charge	80	87
(107)	(99)	Settlements during the year	(99)	(107)
(71)	4	Actuarial gains	4	(71)
—	—	Comprising:	—	—
—	—	Transport Pension Fund: Transnet Sub-fund (refer note 32.1.2)	—	—
46	46	Transnet Second Defined Benefit Fund (refer note 32.1.3)	46	46
308	291	Transnet Top Management Pensions (refer note 32.1.4)	291	308
140	126	Transnet Workmen's Compensation Act pensioners (refer note 32.1.5)	126	140
144	160	Transnet SATS Pensioners' post-retirement medical benefits (refer note 32.2.1)	160	144
638	623	Transnet employees post-retirement medical benefits (refer note 32.2.2)	623	638

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		23. Employee benefits continued		
		Various assumptions have been applied by management and actuaries in the calculation of post-retirement benefit obligations. The assumptions and their sensitivities are disclosed in note 32.		
—	—	Other post-retirement and medical benefits	—	—
67	71	Balance at the beginning of the year	71	67
92	83	Income statement charge	83	92
(88)	(78)	Utilised during the year	(78)	(88)
71	76		76	71
(71)	(76)	Less: Short-term portion classified as current liabilities	(76)	(71)
—	—	Leave pay	—	—
2 446	2 752	Balance at the beginning of the year	2 752	2 446
565	765	Accruals recognised during the year	765	565
(259)	(241)	Utilised during the year	(241)	(259)
2 752	3 276		3 276	2 752
(2 752)	(3 276)	Less: Short-term portion classified as current liabilities	(3 276)	(2 752)
—	—	Incentive bonuses	—	—
80	23	Balance at the beginning of the year	23	80
363	712	Accruals recognised during the year	712	363
(420)	(652)	Utilised during the year	(652)	(420)
23	83		83	23
(23)	(83)	Less: Short-term portion classified as current liabilities	(83)	(23)
638	623	Total employee benefits	623	638
		Other post-retirement and medical benefits		
		Relates to payments made for SATS pensioners medical expenses.		
		Leave pay		
		Relates to accrual for unutilised leave at year-end. The leave is expected to be taken over the next two financial years and is calculated based on employee total cost to Company.		
		Incentive bonuses		
		Accrual for incentive bonuses in terms of the incentive bonus scheme and ex-gratia incentives.		

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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		24. Long-term borrowings (refer note 36)		
75 140	90 113		90 113	75 140
78 729	75 140	Total long-term borrowings at the beginning of the year	75 140	78 729
16 353	28 590	Recognised in the reporting period	28 590	16 353
2 628	(1 096)	Foreign exchange differences	(1 096)	2 628
96	114	Amortisation of discount	114	96
(22 666)	(12 635)	Current portion of long-term borrowings redeemable within one year transferred to short-term borrowings (refer note 29)	(12 635)	(22 666)
		Made up as follows:		
		Unsecured liabilities		
52 308	68 474	Rand denominated	68 474	52 308
47 595	45 866	Bonds at nominal value	45 866	47 595
(787)	(520)	Unamortised discounts	(520)	(787)
46 808	45 346	Bonds at carrying value ³	45 346	46 808
5 500	23 128	Other unsecured liabilities ⁴	23 128	5 500
18 935	18 366	Foreign currency denominated⁵	18 366	18 935
18 935	18 366	Bonds at nominal value	18 366	18 935
—	—	Unamortised discounts	—	—
18 935	18 366	Bonds at carrying value	18 366	18 935
3 897	3 273	Secured loans⁶ and lease liabilities⁷	3 273	3 897
3 897	3 273	Rand denominated ²	3 273	3 897
75 140	90 113	Total long-term borrowings¹	90 113	75 140

¹ Includes the impact of the cash interest cover loan covenant breach as at 31 March 2025, which resulted in affected loans of R33,3 billion in long-term borrowings being reclassified to short-term borrowings in the current reporting period. Transnet secured waivers from all the lenders affected by the covenant breach, with all matters appropriately closed. Also includes the impact of the remedied cash interest cover loan covenant breach as at 31 March 2024, which resulted in affected loans of R41,5 billion being reclassified back to long-term borrowings.

² Includes lease liabilities of R1,8 billion (2024: R2,0 billion).

³ Rand denominated domestic bonds bear interest between 5,23% and 13,085% and are repayable over periods between the 2026 and 2041 financial years. Rand denominated Eurorand bonds bear interest between 10,0% and 13,5% and are repayable in 2028 and 2029 (refer note 36).

⁴ Rand denominated unsecured domestic loans are repayable over periods between the 2026 financial year and 28 October 2049, and bears interest at rates ranging between 6,062% – 12,592% with floating rates linked to JIBAR.

⁵ Foreign currency bonds are denominated in United States Dollar, is redeemable on 6 February 2028, and bears interest at a rate of 8,25%.

⁶ Rand denominated secured loans are repayable on 17 September 2029 and bear interest at rates ranging between 9,592% and 10,37%.

⁷ Rand denominated lease liabilities bear interest at rates ranging between 8,91% and 13,57% with all rates fixed. These liabilities are repayable over periods between 2026 and 2033 financial years.

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		25. Provisions		
15 042	5 809	Comprising:	5 809	15 042
10 268	15 042	Long-term provisions at the beginning of the year	15 042	10 268
7 605	2 029	Provisions recognised during the year and unwinding of discounts	2 029	7 605
(2 663)	(11 419)	Provisions utilised	(11 419)	(2 663)
(168)	157	Decrease/(increase) in short-term provisions classified as current liabilities	157	(168)
9 744	533	Third-party claims	533	9 744
4 698	9 744	Balance at the beginning of the year	9 744	4 698
5 214	163	Provisions recognised during the year	163	5 214
(168)	(9 374)	Utilised during the year	(9 374)	(168)
162	149	Customer claims	149	162
138	162	Balance at the beginning of the year	162	138
1 087	1 244	Provisions recognised during the year	1 244	1 087
(1 063)	(1 257)	Utilised during the year	(1 257)	(1 063)
2 878	3 221	Decommissioning liabilities	3 221	2 878
2 769	2 878	Balance at the beginning of the year	2 878	2 769
78	—	Provisions recognised during the year	—	78
117	354	Unwinding of discounts	354	117
(86)	(11)	Utilised during the year	(11)	(86)
3 248	2 721	Environmental liabilities	2 721	3 248
3 404	3 248	Balance at the beginning of the year	3 248	3 404
923	51	Provisions recognised during the year	51	923
90	195	Unwinding of discounts	195	90
(1 169)	(773)	Utilised during the year	(773)	(1 169)
23	41	Other*	41	23
104	23	Balance at the beginning of the year	23	104
96	22	Provisions recognised during the year	22	96
(177)	(4)	Utilised during the year	(4)	(177)
16 055	6 665	Total provisions	6 665	16 055
1 013	856	Less: Short-term provisions classified as current liabilities	856	1 013
403	524	Third party claims	524	403
162	149	Customer claims	149	162
—	9	Decommissioning liabilities	9	—
445	167	Environmental liabilities	167	445
3	7	Other*	7	3
15 042	5 809	Long-term provisions	5 809	15 042

* Other provisions include repairs, maintenance and cleaning related provisions. These provisions are expected to be paid within one to two years of the reporting date.

Notes to the annual financial statements

for the year ended 31 March 2025

25. Provisions continued

Third-party claims

The provision represents the best estimate of amounts required to settle known third-party legal claims, excluding customer claims. These claims are expected to be paid within one to five years of the reporting date.

Customer claims

Provision for claims made by customers arising from non-performance on contracts or damage to goods in transit. These claims are expected to be paid within 12 months of the reporting date.

Decommissioning and environmental liabilities

The decommissioning provision arises for the Group's obligation for the dismantling and removal of an asset and to restore the site on which the asset is located. The provision for environmental rehabilitation is based on the estimated rehabilitation costs for quarries and historical contamination of land caused by asbestos, ferromanganese, manganese, mixed soil (including chrome, sulphur and manganese), fuel, rubble and ballast. The provisions are determined based on risk assessments on identified areas of contamination. The discount rates applied in determining the provision, the sensitivity of the provision amounts to changes in discount rates and the expected settlement dates are disclosed in the tables below.

	Discount rate	Expected payment dates
Decommissioning liability	6,99% — 13,24%	1 — 62 years
Environmental provisions	12,09% — 13,87%	1 — 10 years

Group and Company	2025 R million	2024 R million
Decommissioning liability	3 221	2 878
1% increase in discount rate	2 620	2 373
1% decrease in discount rate	4 043	3 554

Environmental provisions	2 721	3 248
1% increase in discount rate	2 609	3 123
1% decrease in discount rate	2 842	3 386

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		26. Deferred tax liability		
40 948	39 788	Comprising:	39 768	40 928
44 564	40 948	Opening balance	40 928	44 544
(2 485)	(489)	Income statement charge (refer note 8)	(489)	(2 485)
(1 131)	(671)	Raised in other comprehensive income (refer note 8.1)	(671)	(1 131)
		Analysis of major categories of temporary differences		
26 005	28 230	Deferred tax assets	28 250	26 025
4 409	1 609	Provisions	1 609	4 409
1 323	1 312	Employee benefit obligations	1 312	1 323
1 119	1 112	Revenue received in advance and deferred income	1 112	1 119
781	716	Capitalised lease liability	716	781
1 622	1 513	Doubtful debts	1 513	1 622
16 637	21 789	Estimated tax loss	21 789	16 637
114	179	Other	199	134
66 953	68 018	Deferred tax liabilities	68 018	66 953
499	607	Deferred expenditure	607	499
66 097	67 255	Property, plant and equipment	67 255	66 097
50	59	Future expenditure allowance	59	50
307	97	Cross-currency swaps	97	307
40 948	39 788	Net deferred tax liability	39 768	40 928

The deferred tax liability has decreased from the prior year. The decrease was mainly as a result of the deferred tax impact on the loss for the year and the deferred tax impact on the cash flow hedge loss and devaluation of property, plant and equipment which has been recorded directly in equity.

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		27. Contract assets and contract liabilities		
		Contract assets		
		Contracts in progress at the statement of financial position date		
41	44	Engineering	44	41
814	634	Ports	634	814
855	678		678	855
—	—	Less allowance for expected credit losses	—	—
855	678		678	855
		Contract assets relate to the Group's rights to consideration in respect of:		
		Engineering – revenue accrued in respect of work completed on engineering contracts but not yet billed at year-end, including retention debtors.		
		Ports – revenue accrued in respect of work on cargo and vessels at the ports but not yet invoiced at year-end.		
		Contract assets are reclassified to trade receivables when the rights become unconditional and the customer is invoiced.		
1 223	1 118	Contract liabilities	1 118	1 223
		Contract liabilities primarily relate to: (i) advance consideration received from customers, including cash customers, which is recognised as revenue in future periods upon satisfaction of the related performance obligations, and (ii) accrual for shortfalls in crude oil delivered to customers in the last few days before year-end, compared to intake volumes.		
		Contract liabilities are generally recognised in revenue within 12 months after the reporting date.		
		28. Trade payables and accruals		
5 102	12 763	Trade payables	12 763	5 102
21 072	22 859	Accruals	22 859	21 072
13 815	15 510	Accrued expenditure	15 510	13 815
239	259	Deposits received	259	239
2 509	2 339	Accrued interest	2 339	2 509
1 365	1 275	Personnel costs	1 275	1 365
71	76	Other post-retirement and medical benefits (refer note 23)	76	71
2 752	3 276	Leave pay (refer note 23)	3 276	2 752
23	83	Incentive bonus (refer note 23)	83	23
10	—	SARS – withholding tax	—	10
288	41	SARS – value added tax	41	288
26 174	35 622		35 622	26 174

Notes to the annual financial statements
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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		29. Short-term borrowings		
51 338	62 522	Total short-term borrowings at the beginning of the year	62 522	51 338
19 581	559	Recognised in the reporting period	559	19 581
(31 368)	(21 005)	Repayments in the reporting period	(21 005)	(31 368)
258	(108)	Foreign exchange movement	(108)	258
47	69	Amortisation of discount	69	47
22 666	12 635	Current portion of long-term interest-bearing borrowings (refer note 24)	12 635	22 666
62 522	54 672	Total short term borrowings*	54 672	62 522
		Short-term borrowings comprise the Group's short-term position on bonds, loans and other financial instruments, net of related repayments.		
		Short-term borrowings include lease liabilities of R920 million (2024: R964 million).		
		Short-term borrowings bear interest at rates between 8,48% and 10,258%, is repayable over periods between April 2025 and March 2026 and are not guaranteed.		
		* Includes the impact of the cash interest cover loan covenant breach as at 31 March 2025, which resulted in affected loans of R33,3 billion in long-term borrowings being reclassified to short-term borrowings in the current reporting period. Transnet secured waivers from all the lenders affected by the covenant breach, with all matters appropriately closed. Also includes the impact of the remedied cash interest cover loan covenant breach as at 31 March 2024, which resulted in affected loans of R41,5 billion being reclassified back to long-term borrowings.		
		30. Commitments		
		30.1 Capital commitments¹		
19	48	Contracted for in US dollars	48	19
—	54	Contracted for in euros	54	—
—	9	Contracted for in british pounds	9	—
11 899	11 979	Contracted for in SA rands	11 979	11 899
11 918	12 090	Total capital commitments contracted for	12 090	11 918
11 918	12 074	Property, plant and equipment	12 074	11 918
—	16	Intangible assets	16	—
		Total capital commitments contracted for are expected to be incurred as follows:		
6 251	7 878	Within one year	7 878	6 251
5 667	4 212	After one year, but not more than five years	4 212	5 667
11 918	12 090	Total capital commitments contracted for	12 090	11 918
		¹ Capital commitments contracted for are commitments under binding contracts with third parties for the acquisition of property, plant and equipment and intangible assets.		
		30.2 Lease commitments		
		<i>The Group as lessee</i>		
		Maturity analysis of lease liabilities		
1 248	1 182	Less than one year	1 182	1 248
2 342	2 220	One to five years	2 220	2 342
30	75	More than five years	75	30
3 620	3 477	Total undiscounted lease liabilities	3 477	3 620
(706)	(798)	Less: Amount representing finance charges	(798)	(706)
2 914	2 679	Lease liabilities	2 679	2 914
964	920	Short-term lease liabilities	920	964
1 950	1 759	Long-term lease liabilities	1 759	1 950

Total cash payments made by the Group for leases during the financial year amounted to R941 million (2024: R795 million), including repayment of capital on lease liabilities, interest payments, variable lease payments not included in the measurement of the lease liability, as well as payments made under short-term leases and leases of low-value assets.

The Group leases land and buildings for its office space. The leases of land and buildings typically run for periods of one to ten years.

The Group leases motor vehicles and equipment, with average lease terms of one to five years. In some cases the Group has options to purchase the assets at the end of the lease term, or guarantees the residual value of leased assets at the end of the lease term. As at 31 March 2025, the Group did not expect any material payments under these options and guarantees which are not already included in the lease liability.

The Group also leases IT equipment with average contract terms of three years. The majority of these leases have been classified as leases of low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		30. Commitments continued		
		30.2 Lease commitments continued		
		<i>Variable lease payments</i>		
		The motor vehicle leases include variable lease payments that do not depend on an index or a rate, and are excluded from the measurement of the lease liability (e.g. excess kilometres travelled, tyres, e-toll fees, traffic fines, etc). The amount of variable lease payments made during the year is disclosed in note 4.1. The Group does not expect future variable lease payments to differ significantly from the amount recognised during the financial year.		
		<i>The Group as lessor</i>		
		<i>Lease income receivable</i>		
		The Group leases out its investment properties, namely land and buildings, under short-term leases with an annual escalation varying from 6,0% to 11,0%. The Group has classified these leases as operating leases, as they do not transfer substantially all of the risks and rewards incidental to ownership of the leased assets.		
		Future minimum rentals under operating leases are as follows:		
		Property		
2 260	2 273	Less than one year	2 273	2 260
1 868	1 948	More than one year but less than two years	1 948	1 868
1 541	1 818	More than two years but less than three years	1 818	1 541
1 422	1 538	More than three years but less than four years	1 538	1 422
1 184	1 180	More than four years but less than five years	1 180	1 184
6 860	8 527	More than five years	8 527	6 860
15 135	17 284		17 284	15 135
		The Group manages the risks associated with the rights it retains in the underlying leased assets. Lessees are prohibited from selling or pledging the underlying assets as security. The Group generally imposes a restriction that, unless there is a contractual right for the lessee to sublet the asset to another party, the leased asset can only be used by the lessee. Leases are either non-cancellable or may only be cancelled by mutual agreement which will normally require payment of a cancellation fee.		
		Lessees are required to keep leased properties in a good state of repair and return the properties in their original condition at the end of the lease, subject to normal wear and tear. The Group also requires upfront deposits from tenants, depending on their credit assessment, to help mitigate any credit risk associated with the lease.		
		The Group as lessor is responsible for structural repairs to leased property.		
		31. Contingent liabilities, assets and guarantees		
		Various contingent liabilities ¹ where no material losses are expected to materialise:		
10 793	21 475	Third-party claims	21 475	10 793
		Various contingent assets ² where the inflow of economic benefits is probable, but not virtually certain:		
1 563	2 907	Legal claims against third-parties	2 907	1 563

¹ Includes a claim relating to damaged structures that are alleged to have contributed to the catastrophic flood of various areas causing damage to third party assets. Also includes a claim in which the owners and underwriters of a plaintiff issued summons against Transnet for loss of a vessel and damages arising from alleged breaches of legal and statutory duties imposed upon Transnet, as well as alleged breaches of legal duties owed by Transnet to the plaintiff in the circumstances. The summons relates to the loss of the vessel and cargo. Also includes a lease agreement related claim. Transnet continues to defend all claims. The Group has insurance cover in place in respect of third-party claims which will assist in covering a portion of any losses that materialise.

² Contingent assets relate mainly to various legal claims by the Group against third parties.

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32. Post-retirement benefit obligations

The Group offers pension benefits through two defined benefit pension funds and one defined contribution fund. The Group also offers post-retirement medical benefits to its employees. Specific retirement benefits are offered to top management and under the Workmen's Compensation Act. The following sections summarise the relevant components of the pension benefits and post-retirement medical benefits. (Unless otherwise stated, all amounts disclosed are the same for both Company and Group).

32.1 Pension benefits

Transnet has three pension funds, namely the Transnet Retirement Fund, Transport Pension Fund and Transnet Second Defined Benefit Fund. Except for the Transnet Retirement Fund, actuarial valuations are performed annually in accordance with IAS 19 *Employee Benefits*. The Transnet Pension Funds are governed by the Transnet Pension Fund Act, No. 62 of 1990, as amended.

32.1.1 Transnet Retirement Fund

The fund is a defined contribution fund and all employees of the Group are eligible members of the fund. There were 46 636 members at 31 March 2025 (2024: 49 081). Actuarial valuations are performed regularly to determine the financial position of the fund. The last actuarial valuation was performed as at 31 March 2023 and the actuaries were satisfied with the status of the member's credit account as at that date. The total contributions for the current year constitute member contributions of R1,6 billion (2024: R1,5 billion) and employer contributions of R2,6 billion (2024: R2,3 billion).

32.1.2 Transport Pension Fund: Transnet Sub-fund

The fund is a defined benefit pension fund which has been closed to new members since 1 December 2000. Benefits are based on the final salary with a guarantee by the employer. Members are current employees of Transnet who elected to remain as members of the fund at 1 November 2000 and pensioner members who retired subsequent to that date. The pension obligation is fully funded and the plan is currently in a net asset (surplus) position. The Board of Trustees is responsible for the management of the fund, the investment strategy and administration of benefits.

Members of the fund are entitled to minimum benefits as per the Pensions Fund Second Amendment Act, 2001, as set out in Section 14A of the Act. This minimum benefit is defined in Section 14B (2)(a) of the Act as the fair value equivalent of the present value of the member's accrued deferred pension calculated at a prescribed rate of discount.

The Transnet Pension Fund Amendment Act, promulgated in 2007, changed the name of the fund with effect from 11 November 2005 to the Transport Pension Fund. The Act restructured the Transport Pension Fund (formerly the Transnet Pension Fund) into a multi-employer pension fund. From the date the Act came into operation, all existing members, pensioners, dependant pensioners, liabilities, assets, rights and obligations, of the Transport Pension Fund, were attributed to three Sub-funds, with Transnet as the principal employer for one of the Sub-funds. In terms of the amendments to the Act, a Sub-fund in the name of South African Airways (Pty) Ltd was also established as at 1 April 2006, with South African Airways (Pty) Limited as the principal employer of that Sub-fund, and a further Sub-fund in the name of the South African Rail Commuter Corporation Ltd (now Passenger Rail Agency of South Africa) was established with effect from 1 May 2006, with the South African Rail Commuter Corporation Ltd as the principal employer of that Sub-fund.

All active members and pensioner members belonging to South African Airways (Pty) Ltd and the South African Rail Commuter Corporation Ltd were assigned to the new Sub-funds. The Transport Pension Fund therefore comprises three independent and separate Sub-funds, each with their own principal employer. An employer's liability to the Transport Pension Fund is limited to those attributable to its members, pensioners and dependent pensioners assigned to its Sub-fund.

There were 3 634 members and pensioners at 31 March 2025 (2024: 3 712). The fund gives members the option to transfer to the Transnet Retirement Fund twice a year. No members opted to transfer to the Transnet Retirement Fund in the current year (2024: nil). The effect of the transfers is included under benefits paid in the reconciliations below.

The duration of the defined benefit obligation is estimated to be 6,5 years based on the current membership profile.

Company and Group

2025
R million

2024
R million

32. Post-retirement benefit obligations continued

32.1.2 Transport Pension Fund: Transnet Sub-fund continued

An actuarial valuation was performed at 31 March 2025 to determine the present value of the obligation based on the projected unit credit method.

The principal actuarial assumptions applied in determining the defined benefit liability used are as follows:

Discount rate	10,91%	12,51%
Inflation rate	5,90%	7,32%
Salary increase rate	6,90%	8,32%
Pension increase allowance	4,13%	5,12%

The results of the actuarial valuation are as follows:

Benefit liability		
Present value of obligation	(2 946)	(2 871)
Fair value of plan assets	4 111	4 400
Surplus	1 165	1 529
Unrecognised asset	(1 165)	(1 529)
Net asset/(liability) recognised in the statement of financial position	—	—

The liability recognised for the fund relating to the Company amounts to nil (2024: nil).

The surplus was not recognised as the rules of the fund do not provide for the surpluses to be distributed.

Net expense recognised in profit or loss		
Service cost	(3)	(3)
Net interest income	191	116

	188	113
Less: Interest on asset limit	(191)	(116)

	(3)	(3)
--	-----	-----

Actual return on plan assets	93	727
------------------------------	----	-----

Total measurements recognised in other comprehensive income for the year	1	1
--	---	---

– net actuarial (loss)/gain	(554)	360
– interest on asset limit	191	116
– asset not recognised	364	(475)

Movements in the net asset/(liability) recognised in the statement of financial position		
Opening net asset	1 529	1 054
Profit or loss as above	(3)	(3)
Remeasurements – actuarial (loss)/gain	(554)	360
– interest on asset limit	191	116
Contributions paid by employer	2	2

Closing net asset	1 165	1 529
Asset not recognised	(1 165)	(1 529)

Net asset/(liability) recognised in the statement of financial position	—	—
---	---	---

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		Company and Group	
		2025 R million	2024 R million
32.	Post-retirement benefit obligations continued		
32.1.2	Transport Pension Fund: Transnet Sub-fund continued		
	Reconciliation of movement in benefit liability		
	Opening benefit liability	(2 871)	(3 018)
	Service cost	(3)	(3)
	Contributions by members	(1)	(1)
	Interest cost	(337)	(313)
	Actuarial (loss)/gain	(119)	62
	– change in economic assumptions	(91)	152
	– experience adjustments	(28)	(90)
	Benefits paid	385	402
		(2 946)	(2 871)
	Transfer to the retirement fund	—	—
	Closing benefit liability	(2 946)	(2 871)
	Reconciliation of movement in fair value of plan assets		
	Opening fair value of plan assets	4 400	4 072
	Interest income	528	429
	Actuarial (loss)/gain	(435)	298
	Contributions by employer and members	3	3
	Benefits paid	(385)	(402)
		4 111	4 400
	Transfer to the retirement fund	—	—
	Closing fair value of plan assets*	4 111	4 400
	* Plan assets include R20 million listed domestic bonds issued by the Group (2024: R15,6 million).		
	The estimated contributions (based on current year contributions) by both employer and members for the year beginning 1 April 2025 amount to R3 million (2024: R3 million).		
	Sensitivity analysis		
	Closing benefit liability based on (±)1% change in the discount rate:		
	9,91% (2024: 11,51%)	(3 134)	(3 051)
	11,91% (2024: 13,51%)	(2 778)	(2 710)
	Closing benefit liability based on (±)1% change in the inflation rate:		
	4,90% (2024: 6,32%)	(2 816)	(2 746)
	6,90% (2024: 8,32%)	(3 084)	(3 005)
	One hundred percent (100%) of the expected liability cash flows (allowing for expected pension increases of 70% of CPI) are matched through the use of liquidity driven investment mandates with three different investment managers and residual swap arrangements with ABSA and Standard Bank.		
	The major categories of plan assets as a % of total plan assets are:		
	Listed		
	Domestic equities	11,8%	8,7%
	International equities	12,2%	8,8%
	Domestic bonds	43,2%	37,7%
	Real estate (local)	3,3%	2,4%
		70,5%	57,6%
	Non-listed		
	Domestic private equity	0,5%	0,3%
	Derivatives (local)	26,6%	20,6%
	Cash and cash equivalents	2,4%	21,5%
		29,5%	42,4%
	Total	100,0%	100,0%

		Company and Group	
		2025 R million	2024 R million
32.	Post-retirement benefit obligations continued		
32.1.3	Transnet Second Defined Benefit Fund		
	The fund was established on 1 November 2000 for the benefit of existing retired members and qualifying beneficiaries. The fund includes the spouses of black pensioners who retired from Transnet between 16 December 1974 and 1 April 1986. The pension fund is a final salary defined benefit plan with a guarantee by the employer, including a spouses' death benefit of 70% of final pension. The pension obligation is fully funded, and the plan is currently in a net asset (surplus) position as disclosed below. The Board of Trustees is responsible for the management of the fund, the investment strategy and administration of benefits.		
	There were 6 421 members at 31 March 2025 (2024: 7 406). This excludes widows and children of pensioners. The all-inclusive membership is 29 517 at 31 March 2025 (2024: 32 241). The duration of the defined benefit obligation is estimated to be 5,5 years based on the current membership profile.		
	An actuarial valuation was performed at 31 March 2025 to determine the present value of the obligation based on the projected unit credit method.		
	The principal assumptions applied in determining the defined benefit liability are as follows:		
	Discount rate	10,79%	12,51%
	Inflation rate	5,91%	7,41%
	Pension increase allowance	4,14%	5,19%
	The results of the actuarial valuation are as follows:		
	Benefit liability		
	Present value of obligation	(7 768)	(7 925)
	Fair value of plan assets	11 993	12 229
	Surplus	4 225	4 304
	Unrecognised asset	(4 225)	(4 304)
	Net asset/(liability) recognised in the statement of financial position	—	—
	The surplus was not recognised as the rules of the fund do not provide for the surpluses to be distributed.		
	Net expense recognised in profit or loss		
	Service cost	—	—
	Net interest income	538	417
		538	417
	Less: Interest on asset limit	(538)	(417)
		—	—
	Actual return on plan assets	1 262	1 272
	Total measurements recognised in other comprehensive income for the year	—	—
	– net actuarial (loss)/gain	(617)	16
	– interest on asset limit	538	417
	– net asset not recognised	79	(433)
	Movements in the net asset/(liability) recognised in the statement of financial position		
	Opening net asset	4 304	3 871
	Profit/(loss) as above	—	—
	Remeasurements – actuarial (loss)/gain	(617)	16
	– interest on asset limit	538	417
	Closing net asset	4 225	4 304
	Asset not recognised	(4 225)	(4 304)
	Net asset/(liability) recognised in the statement of financial position	—	—

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Company and Group		
	2025 R million	2024 R million
32. Post-retirement benefit obligations continued		
32.1.3 Transnet Second Defined Benefit Fund continued		
Reconciliation of movement in benefit liability		
Opening benefit liability	(7 925)	(8 872)
Interest cost	(904)	(876)
Actuarial (loss)/gain	(437)	37
- change in economic assumptions	(217)	429
- experience adjustments	(220)	(392)
Benefits paid	1 498	1 786
Closing benefit liability	(7 768)	(7 925)
Reconciliation of movement in fair value of plan assets		
Opening fair value of plan assets	12 229	12 743
Interest income	1 442	1 293
Actuarial loss	(180)	(21)
Benefits paid	(1 498)	(1 786)
Closing fair value of plan assets	11 993	12 229
The estimated contributions (based on current year contributions) by both employer and members for the year beginning 1 April 2025 amount to nil (2024: nil).		
Sensitivity analysis		
Closing benefit liability based on (±)1% change in the discount rate:		
9,79% (2024: 11,51%)	(8 164)	(8 322)
11,79% (2024: 13,51%)	(7 410)	(7 569)
Closing benefit liability based on (±)1% change in the inflation rate:		
4,91% (2024: 6,41%)	(7 496)	(7 648)
6,91% (2024: 8,41%)	(8 063)	(8 219)
Ninety eight (98%) of the liabilities are matched by assets, including swaps, bonds and cash. The fund has implemented specialist liability-driven investment mandates to manage the plan assets.		
The major categories of plan assets as a % of total plan assets are:		
Listed		
Domestic equities	16,7%	14,8%
International equities	13,2%	12,6%
Domestic bonds	70,8%	71,3%
Real estate	1,0%	0,7%
Alternative assets	0,1%	0,4%
	101,8%	99,8%
Non-listed		
Domestic bonds	2,0%	2,0%
Derivatives (local)*	(8,6%)	(6,7)%
Cash and cash equivalents	4,8%	4,9%
	(1,8%)	0,2%
Total	100,0%	100,0%

* During the 2017 financial year the Group entered into interest-rate swaps with the Transnet Second Defined Benefit Fund (refer to note 14).

32. Post-retirement benefit obligations continued

32.1.4 Top Management pensions

The Top Management Pensions are additional benefits to top up pensions received in order to eliminate the effects of any early retirement and resignation penalties applied under the Group's existing pension fund schemes to management appointed prior to 1 April 1999. The benefits are dependent on the contractual arrangement between the individual and Transnet. The benefits are paid through the Transnet Second Defined Benefit Pension Fund and recovered from Transnet. There are no plan assets to fund the obligation.

There were 248 members at 31 March 2025 (2024: 229). The duration of the defined benefit obligation is estimated to be 4,5 years based on the current membership profile.

An actuarial valuation was performed at 31 March 2025 to determine the present value of the obligation based on the projected unit credit method.

Company and Group		
	2025 R million	2024 R million
The principal assumptions applied in determining the defined benefit liability are as follows:		
Discount rate	10,14%	11,80%
Pension increase allowance	2,00%	2,00%
The results of the actuarial valuation are as follows:		
Benefit liability		
Present value of obligations	(46)	(46)
Liability recognised in the statement of financial position	(46)	(46)
Net expense recognised in profit or loss		
Interest cost	(5)	(5)
	(5)	(5)
Actuarial loss recognised in other comprehensive income for the year	(5)	—
Reconciliation of movement in benefit liability		
Opening benefit liability	(46)	(50)
Expense as above	(5)	(5)
Actuarial loss	(4)	—
- change in economic assumptions	(2)	2
- experience adjustments	(2)	(2)
Benefits paid	9	9
Benefit liability at year-end	(46)	(46)
The estimated contributions (based on current year contributions) for the year beginning 1 April 2025 amount to R9 million (2024: R9 million).		
Sensitivity analysis		
Closing benefit liability based on (±)1% change in the discount rate:		
9,14% (2024: 10,80%)	(48)	(48)
11,14% (2024: 12,80%)	(44)	(44)

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		Company and Group	
		2025 R million	2024 R million
32.	Post-retirement benefit obligations continued		
32.1.5	Workmen's Compensation Act pensioners fund		
The Workmen's Compensation Pension Fund Act benefits are provided in accordance with the Workmen's Compensation Act and relates to the pension benefits that the Company pays to current and former employees who were disabled whilst in service prior to the corporatisation of Transnet in 1990. The benefits are paid through the Transnet Second Defined Benefit Pension Fund and recovered from Transnet. There are no plan assets to fund the obligation.			
There were 619 members at 31 March 2025 (2024: 656). The duration of the defined benefit obligation is estimated to be 7,2 years based on the current membership profile.			
An actuarial valuation was performed at 31 March 2025 to determine the present value of the obligation based on the projected unit credit method.			
The principal assumptions applied in determining the defined benefit liability are as follows:			
Discount rate		11,11%	12,51%
Pension increase		5,97%	7,32%
Inflation rate		5,97%	7,32%
The results of the actuarial valuation are as follows:			
Benefit liability			
Present value of obligations		(291)	(308)
Liability recognised in the statement of financial position		(291)	(308)
Net expense recognised in profit or loss			
Interest cost		(36)	(39)
		(36)	(39)
Actuarial gain recognised in other comprehensive income for the year		14	17
Reconciliation of movement in benefit liability			
Opening benefit liability		(308)	(327)
Interest cost		(36)	(39)
Actuarial gain		14	17
– change in economic assumptions		–	12
– experience adjustments		14	5
Benefits paid		39	41
Benefit liability at year-end		(291)	(308)
The estimated contributions (based on current year contributions) for the year beginning 1 April 2025 amount to R39 million (2024: R41 million).			
Sensitivity analysis			
Closing benefit liability based on (±)1% change in the discount rate:			
10,11% (2024: 11,51%)		(310)	(329)
12,11% (2024: 13,51%)		(273)	(289)
Closing benefit liability based on (±)1% change in the inflation rate:			
4,97% (2024: 6,32%)		(272)	(289)
6,97% (2024: 8,32%)		(311)	(330)
32.1.6	HIV/Aids benefits		
Transnet Group offers certain assistance to employees diagnosed with Aids. The related data is not sufficient to actuarially value any liability the Group may have in this regard.			

32. Post-retirement benefit obligations continued

32.2 Post-retirement medical benefits

SATS pensioners' post-retirement medical benefits

The SATS pensioners are the retired employees of the former South African Transport Services (SATS) and their dependants. The liability is in respect of pensioners and their dependants who have elected to belong to the Transnet in-house medical scheme, Transmed, membership in which is voluntary. Transnet subsidises the medical contribution costs at a flat contribution of R800 per principal member per month. The fund is governed by the Medical Schemes Act.

Transnet employees' post-retirement medical benefits

This includes the current and past employees of Transnet who are members of Transnet accredited medical schemes, namely Transnet's in-house medical aid, Transmed Medical Fund, Bestmed, Bonitas, Discovery Health and Sizwe. Membership is voluntary. The Board of Trustees of Transmed Medical Fund are responsible for the governance of the fund including monitoring the performance of all contract service providers. Transnet subsidises members at a flat contribution of R213 per month per member family. The fund is governed by the Medical Schemes Act.

Actuarial valuations are obtained annually for both post-retirement medical benefit obligations based on the projected unit credit method. There are no plan assets held to fund the obligations.

In aggregate, there were 1 875 members at 31 March 2025 (2024: 4 334). The duration of the post-retirement defined medical benefit obligations is estimated to be 6,5 years based on the current membership profile.

		Company and Group	
		2025 R million	2024 R million
32.2.1	SATS pensioners		
The principal assumptions applied in determining the defined benefit liability are as follows:			
Discount rate		10,91%	12,51%
Benefit liability			
Present value of obligations		(126)	(140)
Liability recognised in the statement of financial position		(126)	(140)
Net expense recognised in profit or loss			
Interest cost		(15)	(17)
		(15)	(17)
Actuarial (loss)/gain recognised in other comprehensive income for the year		(5)	20
Reconciliation of movement in benefit liability			
Opening benefit liability		(140)	(182)
Interest cost		(15)	(17)
Benefits paid		34	39
Actuarial (loss)/gain		(5)	20
– change in economic assumptions		(7)	10
– experience adjustments		2	10
Closing benefit liability		(126)	(140)
The estimated contributions (based on current year benefits paid) for the year beginning 1 April 2025 amount to R34 million (2024: R39 million).			
The medical inflation has no impact on the aggregate current service cost, the interest cost and the defined benefit liability. The sensitivity of the liability to a change in the discount rate is as follows:			
Sensitivity analysis			
Closing benefit liability based on (±)1% change in the discount rate:			
9,91% (2024: 11,51%)		(131)	(145)
11,91% (2024: 13,51%)		(122)	(135)

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		Company and Group	
		2025 R million	2024 R million
32.	Post-retirement benefit obligations continued		
32.2.2	Transnet employees		
	Discount rate	10,91%	12,51%
	Benefit liability		
	Present value of obligations	(160)	(144)
	Liability recognised in the statement of financial position	(160)	(144)
	Net expense recognised in profit or loss		
	Service cost	(3)	(5)
	Interest cost	(18)	(18)
		(21)	(23)
	Actuarial (loss)/gain recognised in other comprehensive income for the year	(10)	34
	Reconciliation of movement in benefit liability		
	Opening benefit liability	(144)	(170)
	Expense as above	(21)	(23)
	Benefits paid	15	15
	Actuarial (loss)/gain	(10)	34
	- change in economic assumptions	(22)	29
	- experience adjustments	12	5
	Closing benefit liability	(160)	(144)
	The estimated contributions (based on current year benefits paid) for the year beginning 1 April 2025 amount to R15 million (2024: R15 million).		
	The medical inflation has no impact on the aggregate current service cost, the interest cost and the defined benefit liability. The sensitivity of the liability to a change in the discount rate is as follows:		
	Sensitivity analysis		
	Closing benefit liability based on (±)1% change in the discount rate:		
	9,91% (2024: 11,51%)	(177)	(157)
	11,91% (2024: 13,51%)	(145)	(133)
	Exposure to risks		
	The risks faced by Transnet as a result of the post-employment pension obligations and assets can be summarised as follows:		
	• Inflation: The risk that future CPI inflation is higher than expected.		
	• Longevity: The risk that pensioners live longer than expected and thus their pension benefits are payable for longer than expected.		
	• Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.		
	• Change in legislation: The risk that changes to legislation, including tax laws with respect to the post-employment benefits, may increase the liability for the Group.		
	• Investment risk: The plan assets held by the Transport Pension Fund: Transnet Sub-fund and the Transnet Second Defined Benefit Fund are primarily invested in equities and bonds. This exposes the funds to a slight concentration of market risk. In addition, as the two pension funds are defined benefit plans, if the plan assets are not adequate to fund the liabilities of the funds, Transnet will be required to fund the deficit, thereby exposing it to investment return risk.		

33. Related-party transactions

The Group has applied the exemption in paragraph 25 of IAS 24 *Related Parties* with respect to disclosure of related party transactions and outstanding balances by entities controlled by the government.

The following is a summary of transactions with related parties during the year and balances due at year-end according to Transnet's records:

Company		Group	
2024 R million	2025 R million	2025 R million	2024 R million
1 000	969		
1 181	1 100		
670	702		
22	24		
—	14		
2 873	2 809	2 809	2 873
5 097	5 450		
1 361	1 699		
6 535	5 135		
12 993	12 284	12 284	12 993
(8 297)	(9 259)		
138	(890)		
(2 623)	(1 416)		
1	1		
—	5		
(10 781)	(11 559)	(11 559)	(10 781)

During the year, the Group reversed R446 million (2024: R693 million raised) in relation to provisions and write-offs of credit losses on related parties and at year end the Group had a provision of R650 million (2024: R1.1 billion) against debtors pertaining to related parties.

Details of key management compensation are set out in note 38. None of key management has or had significant influence in any entity with whom the Group had significant transactions during the year.

Details of transactions relating to SARS and employee pensions are included in notes 8 and 32 respectively.

The AGSA is Transnet's independent external auditor, and has been involved in the external audit process since the 2019 financial year.

The AGSA is a government entity in the national sphere, but is not disclosed as a related party of Transnet, as it is an independent organisation in terms of the constitution.

In the 2017 financial year Transnet entered into interest rate swaps with the Transnet Second Defined Benefit Fund (a related party). Please refer to note 14 for further detail in this regard. The Transnet Second Defined Benefit Fund is disclosed in note 32.1.3.

Transnet's significant related parties include Eskom and Prasa.

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Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		34. Cash flow information		
		34.1 Cash generated from operations		
(9 816)	(2 390)	Loss before tax	(2 395)	(9 812)
13 996	14 552	Finance costs (refer note 34.3)	14 552	13 996
(509)	(527)	Finance income (refer note 7)	(527)	(509)
(6)	(7)	Dividend income (refer note 4.3)	—	—
25 249	10 355	Elimination of non-cash items	10 360	25 245
17 689	19 085	- Depreciation, amortisation and derecognition (refer note 3)	19 085	17 689
87	80	- Increase in provision for employee benefits	80	87
772	666	- Impairment of trade receivables and loans and advances (refer note 4.2.1)	666	772
		- Impairment/(reversal of impairment) and devaluation of property, plant and equipment (refer note 4.2.2)	159	(211)
(211)	159	- (Reversal of impairment)/impairment of intangible assets (refer note 4.2.2)	(2)	18
18	(2)	- Movement in provisions and other non-current liabilities	(9 414)	5 324
5 324	(9 414)	- Income from associates and joint ventures (refer note 13)	(2)	(10)
—	—	- Fair value adjustments on derivatives	2 610	(1 545)
(1 545)	2 610	- Fair value adjustments on other financial assets (refer note 5)	(63)	(48)
(48)	(63)	- Unrealised foreign exchange movements	(1 204)	2 886
2 886	(1 204)	- (Profit)/loss on disposal of property, plant and equipment (refer note 2)	(277)	169
169	(277)	- Discount on bonds amortised (refer note 6)	114	66
66	114	- Provision for inventory obsolescence	16	181
181	16	- Decommissioning liability (refer note 9)	19	(8)
(8)	19	- Fair value adjustment of investment property (refer note 5)	(1 868)	(615)
(615)	(1 868)	- Movement in long-term lease smoothing and long-term receivables	40	73
73	40	- Fees relating to borrowings	115	118
118	115	- Amortisation of day one loss on derivatives (refer note 14)	236	240
240	236	- Other non-cash items*	50	59
53	43			
28 914	21 983		21 990	28 920
		34.2 Changes in working capital		
(512)	(1 040)	Increase in inventory	(1 040)	(512)
(1 082)	(1 837)	Increase in trade, other receivables and contract assets	(1 837)	(1 082)
1 476	9 513	Increase in trade payables, accruals and contract liabilities	9 513	1 476
(118)	6 636		6 636	(118)
		34.3 Finance costs		
14 284	15 239	Finance costs	15 239	14 284
(15)	(24)	Net foreign exchange gain on translation	(24)	(15)
(207)	(549)	Unwinding of discounts on provisions	(549)	(207)
(66)	(114)	Discounts on bonds amortised	(114)	(66)
13 996	14 552		14 552	13 996
286	170	Decrease in accrued interest	170	286
14 282	14 722		14 722	14 282

* Other non-cash items relate to minor various non-cash transactions.

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
		34. Cash flow information continued		
		34.4 Tax refunded		
—	—	Balance at the beginning of the year	—	2
—	—	Tax as per income statements	—	—
—	—	Balance at the end of the year	—	—
—	—		—	2
		35. Headline earnings		
(7 331)	(1 901)	Loss for the year attributable to the equity holder	(1 906)	(7 327)
169	(277)	(Profit)/loss on disposal of property, plant and equipment (refer note 2)	(277)	169
(615)	(1 868)	Fair value adjustments on investment property (refer note 5)	(1 868)	(615)
		Impairment/(reversal of impairment) of non-financial assets (refer note 4.2.2.)	157	(193)
(193)	157			
(7 970)	(3 889)	Headline earnings before tax effects	(3 894)	(7 966)
		Tax effects		
(46)	75	Profit/(loss) on disposal of property, plant and equipment	75	(46)
133	403	Fair value adjustments on investment property	403	133
52	(42)	(Impairment)/reversal of impairment of non-financial assets	(42)	52
(7 831)	(3 453)	Headline earnings	(3 458)	(7 827)

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36. Financial risk management

Introduction

The Group has a centralised Treasury function that supports the Company in its strategic objectives by providing funding from a range of sources.

Policies

Transnet has a Board-approved Financial Risk Management Policy (FRMP) that underscores and represents the financial risk management objectives and the financial risk management philosophy of the Transnet Group:

- To prudently manage Transnet's financial risks in order to reduce the financial impact (i.e. changes in cash flows) due to financial risks materialising, thereby contributing to Transnet meeting its strategic financial objectives and remaining within Transnet's approved risk appetite and risk tolerance levels; and
- To reduce earnings volatility in order to increase certainty and predictability of future cash flows for planning purposes.

Apart from the requirements of the FRMP, Treasury operates within the confines of the Transnet Delegation of Authority (DOA) Framework, as approved by the Board of Directors.

Financial risk management fundamentals

- Protect the Company against undesirable market price movements, relating to financial market risks above, while allowing upside participation, as far as possible;
- Aim to limit potential fair value liabilities arising from financial instruments recorded at fair value or an actual liability (loss) when the instrument is settled;
- Constantly protect the business, by creating certainty of revenues, securing a minimum income or protecting cash flows on an ongoing basis, avoiding the need to time the markets as far as possible;
- Enter into hedging transactions solely for the purpose of hedging its exposure to financial market fluctuations and no active speculation (dealing in derivative instruments) or passive speculation (open unhedged market risks exceeding approved risk tolerance levels) is allowed. Derivatives may only be used to offset existing or known risks which the Company faces;
- For a given level of financial risk exposure and the mitigation thereof, Transnet will seek to maximise the cost-benefit ratio; and
- Transnet assesses, monitors and mitigates its financial risk exposures at a Group level, e.g. takes into account natural mitigation.

Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from trade and other receivables (including lease receivables and contract assets) as well as cash and cash equivalents, deposits with banks and financial institutions and favourable positive fair market values of derivative financial instruments – see counterparty risk that follows.

Trade receivables, lease receivables and contract assets

The risk management committee, a sub-committee of the executive committee (Exco), has established a credit policy under which the Group conducts a thorough customer credit review as part of the contract approval process for new customers, as well as on an ongoing basis as part of the revenue and credit management process to assess the credit risk of customers and ensure that the consideration receivable under the contract is recoverable before services are rendered to a customer.

The Group's review includes an internal financial evaluation model, as well as external credit ratings where available. The model evaluates the ability of the customer to meet its financial obligations and allocates a credit risk score. Based on the credit risk score, credit limits and terms are established for each customer, which represents the maximum credit facility available, as well as whether or not the customer is required to post a bank guarantee with the Group, or pay in advance. The customer's credit risk score is reviewed and updated on an annual basis, and whenever there is significant change to a customers' financial status.

Customers are categorised into the following credit risk bands based on their credit risk scores:

- | | |
|---|-----------------|
| A | Very low risk. |
| B | Low risk. |
| C | Medium risk. |
| D | High risk. |
| E | Very high risk. |

The Group applies the simplified approach in IFRS 9 *Financial Instruments* to measure expected credit losses using a lifetime expected credit loss provision for trade receivables, lease receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk characteristics and aging. The contract assets, which arise from revenue recognised on contracts with customers but not yet invoiced, have similar risk characteristics to the trade receivables for similar types of contracts.

36. Financial risk management continued

For the purposes of calculating expected credit losses under IFRS 9, these credit risk bands are combined as follows:

- | | |
|-----|--------------|
| A+B | Low risk. |
| C | Medium risk. |
| D+E | High risk. |

In addition to the above, each Operating division is treated as a separate debtors' portfolio, in order to better reflect the unique economic exposure and customer behaviour of each division. The Operating divisions are:

- Transnet Freight Rail;
- Transnet Engineering;
- Transnet National Ports Authority;
- Transnet Port Terminals;
- Transnet Pipelines; and
- Transnet Property.

Stage 2 expected loss rates (i.e. for balances less than 90 days past due) are calculated based on the payment profiles of customers over the five-year period prior to the financial year-end, and the historical default rates experienced during this period for each credit risk band above, and separately for each Operating division. Stage 3 expected loss rates (i.e. for balances already in default) are estimated at 100%, due to the high likelihood of non-collection of these balances, although the Group will always continue with collection efforts and enforcement activities until there is no hope of collection.

The historical loss rates are adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their outstanding amounts. The Group has identified the gross domestic product (GDP) as a factor affecting its customers and accordingly adjusts the historical loss rates based on changes in the factor. For example, where the GDP decreases, it is anticipated that customers will have difficulty paying off their accounts, as a result the historical loss rate is increased to account for this factor.

Further disclosures regarding trade and other receivables are provided in note 18 and later in this note.

Counterparty risk

Counterparty risk exposures arise mainly as a result of the investment of operational cash on hand, surplus cash due to prefunding strategies, positive fair market values of derivative hedging instruments and guarantees issued by counterparties to mitigate financial risks in supply agreements. The Group's main objectives of its counterparty risk policies are:

- To mitigate counterparty risk exposures;
- To diversify counterparty risk exposures;
- To set limits for the different types of counterparty risk exposures; and
- To ensure that financial transactions are done with approved high-credit-quality counterparties.

The counterparty risk policy of the Group is fully aligned with the requirements of the Treasury Regulations as referred to in the PFMA:

- Selection of counterparties through credit risk analysis;
- Establishment of investment limits per institution;
- Establishment of investment limits per investment instrument;
- Monitoring of investments against limits;
- Reassessment of investment policies on a regular basis;
- Reassessment of counterparty credit risk based on credit ratings; and
- Assessment of investment instruments based on liquidity requirements.

The Group's exposures to counterparty risks in respect of all Treasury-related transactions are confined to credible counterparties and are managed within Board-approved credit limits. Limits are reviewed and approved by the Board Audit Committee on an annual basis. Treasury performs ongoing credit evaluations of the financial position of its counterparties to limit exposure to undue credit risk. Guarantees are issued under specific powers granted in terms of section 66 of the PFMA and in accordance with a Board-approved DOA Framework.

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36. Financial risk management continued

Market risk

Foreign currency risk

Foreign currency risk arises where payments need to be made in currencies that are not denominated in rand hence exposing the Company to exchange rate fluctuations. The objective is to mitigate foreign currency risk by bringing certainty to future currency payments by hedging it to the rand, thereby insulating the Group's income statement against exchange rate fluctuations.

It is the Group's preference to enter into rand-based agreements to mitigate foreign currency risks. Where this is not possible, Transnet will hedge any currency exposure as soon as the agreements become firm and ascertainable.

Business units report all open exposures on a monthly basis. Transnet's policy allows for a portion of Operating divisions' exposures to be unhedged with the limits set in the FRMP.

Hedge accounting is applied to all exposures greater than USD5 million to minimise volatility in the income statement, and the performance is monitored monthly by the hedge accounting committee, a sub-committee of the finance committee.

Commodity risk

Commodity risk refers to the variability of payments due to changes in underlying commodities such as Brent crude oil, steel and iron ore. Although Transnet is exposed to such underlying commodity price changes, only fuel exposures will be hedged subject to a maximum tenor of 18 months using vanilla type instruments that are well correlated to fuel prices.

As a mitigating measure most general freight business (GFB) revenue contracts are linked to a surcharge levy that adjusts the rail price based on changes in fuel prices, exchange rates, steel prices and electricity.

Interest rate risk

Interest rate risks arise due to fluctuations in interest rates that can impact the Group's borrowing programme, investments in interest-bearing instruments and derivative financial instruments by changing future interest payments or receipts. To this extent, Transnet aims to maintain or reduce the weighted average cost of debt (WACD) of borrowings within the fixed to floating rate ratio allowed in the FRMP, taking cognisance of interest rate cycles.

Transnet aims to enter into contracts that will result in the desired exposure to fixed or floating interest rates rather than changing the risk profile via derivative transactions. Foreign currency interest rate exposures in borrowings are hedged to the rand as soon as transactions are concluded to mitigate against foreign interest rate movements. The impact of changes are reported monthly to governance structures.

Other price risk

The only other market risk that Transnet is exposed to is equity price risk. Although Transnet does not trade in equities, it has an equity investment in Brazil, which is listed on the Brazilian Stock Exchange. This is a very small portion of the overall risk exposure of Transnet.

Liquidity risk

Liquidity risk impacts the ability to have the appropriate funds available to effect the payment to third parties. To mitigate and manage liquidity risk, cash flow projections, consisting of short-, medium- and long-term projections from Operating divisions, are monitored to enable Treasury to manage the funding requirement of the Group. In addition, Transnet has access to various funding sources that assist in effectively managing its working capital requirements.

The DMTN programme size is R80,0 billion, of which an amount of R24 billion is still available. The global medium-term note (GMTN) programme size is USD6,0 billion, of which an amount of USD5 billion is available. Transnet also has access to undrawn committed long-term facilities amounting to R14,7 billion.

Various liquidity measures are in place to ensure that Transnet will be able to honour its commitments. Transnet only invests surplus cash that ensures capital preservation. Capital market investments are only allowed if there is a requirement to ringfence cash for longer periods on a specific project, or as a result of a condition stipulated by a regulator. These will be held to maturity.

36. Financial risk management continued

Bonds at carrying and nominal values

Transnet issues bonds listed on the Johannesburg Stock Exchange (JSE), Luxembourg Stock Exchange and the London Stock Exchange.

The following bonds were in issue at 31 March 2025 for the Company and the Group:

				2025		2024	
	Bond	Redemption date	Coupon rate %	Carrying value R million	Nominal value R million	Carrying value R million	Nominal value R million
Domestic rand bonds	TNF25U	14-Feb-25	10.23	—	—	2 500	2 500
	TNF25	14-Feb-25	10.38	—	—	550	550
	TN25	19-Aug-25	9.50	9 930	9 929	9 931	9 929
	TNF26U	13-Aug-26	10.26	1 930	1 930	1 930	1 930
	TNF27	07-Feb-27	10.41	316	316	316	316
	TN27	14-Nov-27	8.90	8 354	8 565	8 285	8 565
	TNF28	13-Feb-28	10.76	2 200	2 200	—	—
	TN29	07-Feb-29	10.26	200	200	200	200
	TNFG29 ¹	07-Mar-29	10.61	505	505	505	505
	TNG29 ¹	07-Mar-29	11.59	1 508	1 508	1 508	1 508
	TNG30U ¹	06-Mar-30	11.55	8 000	8 000	8 000	8 000
	TN30	09-Oct-30	10.50	4 591	4 622	4 586	4 622
	TNG31 ¹	07-Mar-31	12.34	787	787	787	787
	TNI33	28-Feb-33	5.23	285	285	285	285
	TN34	07-Feb-34	11.35	108	108	108	108
	TNFG34 ¹	07-Mar-34	11.06	7 734	7 588	1 588	1 588
	TNG34 ¹	07-Mar-34	13.09	612	612	612	612
	TNFG35 ¹	07-Jun-34	11.09	2 000	2 000	2 000	2 000
	TN40	09-Oct-40	10.75	4 881	5 070	4 875	5 070
Total domestic rand bonds				53 941	54 225	48 566	49 075
Foreign rand bonds	Euro 2028 ¹	18-Apr-28	13.50	1 982	2 000	1 979	2 000
	Euro 2029 ¹	30-Mar-29	10.00	1 283	1 500	1 245	1 500
Total foreign rand bonds				3 265	3 500	3 224	3 500
USD bonds	TNUS28	06-Feb-28	8.25	18 366	18 366	18 935	18 935
Total foreign currency bonds				18 366	18 366	18 935	18 935
Total bonds in issue at year-end				75 572	76 091	70 725	71 510

¹ These bonds are guaranteed by the Government of the Republic of South Africa, and the Company paid R1,2 million in guarantee fees (2024: R1,2 million). The amounts in the above table are all in respect of bonds held at amortised cost.

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36. Financial risk management continued

Concentration of liquidity risk

The sources of funding are tabled below. Altogether 53% of the borrowings are widely held (2024: 52%):

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
1 529	1 302	ABSA Bank Ltd	1 302	1 529
2 333	15 873	African Development Bank	15 873	2 333
1 929	1 642	Bank of China	1 642	1 929
11 495	9 365	China Development Bank	9 365	11 495
—	3 000	Citibank	3 000	—
11 116	7 707	Deutsche Bank	7 707	11 116
8 455	8 092	Development Bank of South Africa	8 092	8 455
2 098	1 573	Export Development Canada	1 573	2 098
903	774	FutureGrowth Asset Management (Pty) Ltd	774	903
144	—	French Development Bank	—	144
2 404	1 971	GFB 2015 (RF) Proprietary Limited (US Exim)	1 971	2 404
—	556	Industrial Development Corporation	556	—
699	524	Investec Bank Ltd	524	699
3 049	2 561	JP Morgan Chase Bank	2 561	3 049
1 577	1 314	KfW Development Bank	1 314	1 577
1 200	800	KFWIPEX_Bank GmbH	800	1 200
612	540	Libfin	540	612
1 953	1 674	Nedbank Ltd	1 674	1 953
854	742	Old Mutual Life Assurance Company (SA) Ltd	742	854
617	536	Old Mutual Specialised Finance (Pty) Ltd	536	617
74	64	Sanlam Investment Management (Pty) Ltd	64	74
8 082	1 125	Standard Bank Corporate Investment Bank	1 125	8 082
2 029	4 279	The New Development Bank	4 279	2 029
		Various holders of Transnet bonds and commercial paper, widely held, and traded ³		
71 596	76 092		76 092	71 596
2 914	2 679	Lease liabilities	2 679	2 914
137 662	144 785	Total borrowings ^{1,2}	144 785	137 662

¹ Borrowings include loans of R11,3 billion (2024: R13,9 billion) in respect of the acquisition of locomotives, which are secured by a pledge of the associated locomotives with a carrying value of R23,7 billion (2024: of R23,6 billion) – refer note 9.

Further, borrowings include loans amounting to R16,4 billion (2024: R20,2 billion) in respect of locomotives acquired under the 1 064 locomotive supply agreements, of which R11,3 billion (2024: R13,9 billion) is secured by a pledge of locomotives already delivered by the OEMs under the programme.

	CRRC E-loco	CRRC SA	BT*	WABTEC South Africa Technologies (Pty) Ltd
Locomotives contracted	359	232	240	233
Delivered to date	264	22	155	233
Outstanding deliveries	95	210	85	—

* Locomotives not pledged as security for associated loans.

Transnet has filed an application with the Gauteng High Court to have all four 1 064 locomotive supply agreements reviewed and set aside, with just and equitable relief. The locomotive supply agreements with CRRC E-loco and CRRC SA are currently suspended pending the outcome of the court application, while the contract with BT is not suspended. Should the agreements be set aside by the courts, unsecured loans amounting to R3,4 billion (2024: R4,4 billion) would become payable and would be subject to negotiations between Transnet and the banks. The WABTEC agreement was set aside by the courts in April 2025 but the judgement had no impact on the unsecured loans.

² Includes borrowings of R50,7 billion that are guaranteed by the Government of the Republic of South Africa.

³ Includes bonds held at amortised cost of R75,6 billion and commercial paper of R520 million. (2024: includes bonds held at amortised cost of R70,7 billion, commercial paper of R871 million).

36. Financial risk management continued

Funding plan

Over the next five years Transnet intends to raise R66,3 billion from the market.

	Budget 2025/26 R million	Projections				Five-year plan R million
		2026/27 R million	2027/28 R million	2028/29 R million	2029/30 R million	
Net cash flows from operations	14 897	27 841	47 101	30 319	40 720	160 878
Capital investment	(25 279)	(25 752)	(25 502)	(25 305)	(25 835)	(127 673)
Loan redemptions	(19 715)	(11 995)	(36 077)	(10 086)	(21 679)	(99 552)
Funding requirement	(30 097)	(9 906)	(14 478)	(5 072)	(6 794)	(66 347)

Contractual maturity analysis

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements, as at 31 March 2025 for the Company and the Group:

	Carrying value 2025 R million	Contractual cash flows 2025 R million	0 to 12 months ² R million	1 to 2 years R million	2 to 3 years R million	3 to 4 years R million	4 to 5 years R million	More than 5 years R million
Non-derivative financial liabilities								
Bonds (Company and Group)	(75 572)	(115 526)	(18 977)	(6 652)	(35 474)	(7 969)	(33 473)	(12 981)
Secured bank loans (Company and Group)	(11 337)	(13 740)	(11 839)	(600)	(555)	(509)	—	(237)
Unsecured bank loans (Company and Group)	(52 116)	(91 151)	(44 954)	(3 086)	(2 600)	(2 570)	(35 012)	(2 929)
Commercial paper (Company and Group)	(520)	(558)	(558)	—	—	—	—	—
Other borrowings (Company and Group)	(5 240)	(6 062)	(1 898)	(2 142)	(695)	(632)	(135)	(560)
Total borrowings (Company and Group)	(144 785)	(227 037)	(78 226)	(12 480)	(39 324)	(11 680)	(68 620)	(16 707)
Trade payables, accruals and contract liabilities (Company and Group) ¹	(36 623)	(36 623)	(36 623)	—	—	—	—	—
Derivative financial liabilities (Company and Group)								
Interest rate swaps	(443)	(502)	(183)	(152)	(98)	(49)	(19)	(1)
Forward exchange contracts used for hedging	(10)	(19)	(19)	—	—	—	—	—
Outflow	(729)	(756)	(756)	—	—	—	—	—
Inflow	719	737	737	—	—	—	—	—
Total derivative financial liabilities	(453)	(521)	(202)	(152)	(98)	(49)	(19)	(1)

¹ Trade payables, accruals and contract liabilities excluding post-retirement employee benefits and tax related accruals.

² Includes the impact of the reclassification of affected debt of R33,3 billion that was transferred to short-term borrowings due to the CIC breach at 31 March 2025 (refer to note 24 and 29).

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for the year ended 31 March 2025

36. Financial risk management continued

Contractual maturity analysis continued

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements, as at 31 March 2024, for the Company and the Group:

	Carrying value 2024 R million	Contractual cash flows 2024 R million	0 to 12 months ² R million	1 to 2 years R million	2 to 3 years R million	3 to 4 years R million	4 to 5 years R million	More than 5 years R million
Non-derivative financial liabilities								
Bonds (Company and Group)	(70 725)	(111 966)	(12 535)	(15 979)	(5 932)	(33 139)	(7 487)	(36 894)
Secured bank loans (Company and Group)	(13 899)	(17 639)	(15 092)	(646)	(600)	(555)	(509)	(237)
Unsecured bank loans (Company and Group)	(46 205)	(65 511)	(60 954)	(897)	(837)	(381)	(373)	(2 069)
Commercial paper (Company and Group)	(871)	(947)	(947)	—	—	—	—	—
Other borrowings (Company and Group)	(5 962)	(7 213)	(3 756)	(775)	(722)	(670)	(613)	(677)
Total borrowings (Company and Group)	(137 662)	(203 276)	(93 284)	(18 297)	(8 091)	(34 745)	(8 982)	(39 877)
Trade payables, accruals and contract liabilities (Company and Group) ¹	(27 028)	(27 028)	(27 028)	—	—	—	—	—
Derivative financial liabilities (Company and Group)								
Interest rate swaps	(311)	(333)	(131)	(134)	(87)	(35)	7	47
Forward exchange contracts used for hedging	—	—	—	—	—	—	—	—
Outflow	—	(19)	—	—	—	—	—	—
Inflow	—	19	—	—	—	—	—	—
Other forward exchange contracts	—	—	—	—	—	—	—	—
Outflow	—	—	—	—	—	—	—	—
Inflow	—	—	—	—	—	—	—	—
Total derivative financial liabilities	(311)	(333)	(131)	(134)	(87)	(35)	7	47

¹ Trade payables and accruals, excluding post-retirement employee benefits and tax related accruals.

² Includes the impact of the reclassification of affected debt of R41,5 billion that was transferred to short-term borrowings due to the CIC breach at 31 March 2024.

36. Financial risk management continued

Credit risk

Maximum exposure and analysis of exposures to credit risk

The following maximum exposures to credit risk existed at year-end in respect of financial assets:

	2025				2024			
	Gross carrying value R million	Expected credit losses R million	Expected loss rate %	Net carrying value R million	Gross carrying value R million	Expected credit losses R million	Expected loss rate %	Net carrying value R million
Company								
Trade receivables and contract assets								
- Low risk	7 495	(529)	7%	6 966	9 896	(4 829)	49%	5 067
- Medium risk	2 419	(1 463)	60%	956	1 401	(31)	2%	1 370
- High risk	2 613	(2 059)	79%	554	1 218	(944)	78%	274
	12 527	(4 051)	32%	8 476	12 515	(5 804)	46%	6 711
Other amounts receivable ¹	2 463	(886)	36%	1 577	2 346	(611)	26%	1 735
Investments - current	41	—	—	41	39	—	—	39
Investment and price risk	11 678	—	—	11 678	17 402	—	—	17 402
Group								
Trade receivables and contract assets								
- Low risk	7 495	(529)	7%	6 966	9 896	(4 829)	49%	5 067
- Medium risk	2 419	(1 463)	60%	956	1 401	(31)	2%	1 370
- High risk	2 613	(2 059)	79%	554	1 218	(944)	78%	274
	12 527	(4 051)	32%	8 476	12 515	(5 804)	46%	6 711
Other amounts receivable ¹	2 487	(886)	36%	1 601	2 370	(611)	26%	1 759
Investments - current	41	—	—	41	39	—	—	39
Investment and price risk	11 678	—	—	11 678	17 402	—	—	17 402

¹ Reconciliation to note 18		
Prepayments and other amounts receivable	Company	Group
Other amounts receivable	R1 577 million (2024: R1 735 million)	R1 601 million (2024: R1 759 million)
Prepayments	R1 177 million (2024: R1 613 million)	R1 177 million (2024: R1 613 million)
	R2 754 million (2024: R3 348 million)	R2 778 million (2024: R3 372 million)

Low risk: No guarantee is required from the customer.

Medium risk: 50% to 75% guarantee required from the customer.

High risk: In such instances, customers are required either to provide 100% guarantee or transact on a cash basis only.

The balances for other receivables and loans and advances are not disaggregated for internal reporting purposes.

Price risk: The risk that financial derivatives and bond transactions have to be closed out at a market value loss as a result of the unfavourable movements in market rates.

Bond issuer risk: The risk that an issuer of bonds will not be able to fulfil its financial obligations on maturity date in accordance with the terms and conditions of the bond issues.

IFRS 7: Financial Instruments: Disclosure defines credit risk as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As such, Transnet will suffer financial losses on guarantees issued as the Group would be required to make good the failure by a third party to discharge an obligation.

Credit enhancements in the form of title deeds and pension fund cessions for loans and advances, and deposits, bank and holding company guarantees in respect of amounts included in trade and other receivables are held by the Group.

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36. Financial risk management continued

Guarantees and deposits to the value of R2,5 billion were held as collateral in respect of trade and other receivables (2024: R2,6 billion).

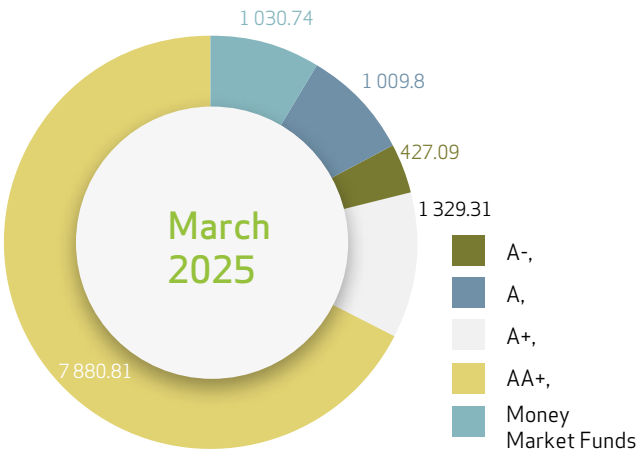
Trade receivables to the value of R3,6 million (2024: R115,4 million) were written off in the current year and remain subject to enforcement activity by the Group.

Concentration of credit risk

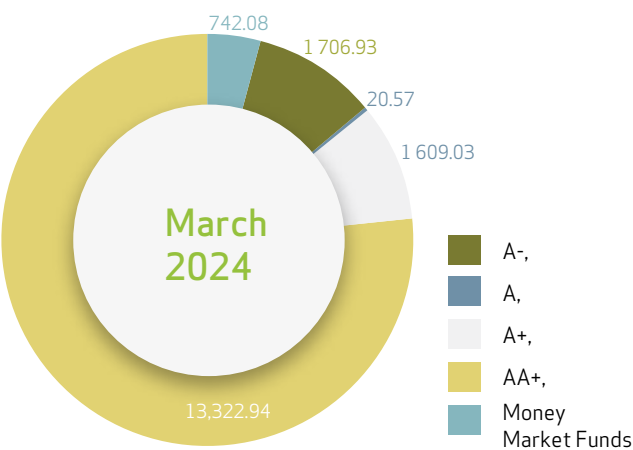
The Group determines concentration of credit risk from trade receivables based on the size of individual customer balances and by industry sector. The Company's and Group's 12 most significant customers comprise 40% of the trade receivables at 31 March 2025 (2024: 41%).

The following charts and graphs reflect the distribution of credit risk, expressed in terms of long-term credit ratings, excluding guarantees and trade receivables. The exposures below include cash investments (call, fixed deposits and money market funds), price risk exposures and operational bank balances:

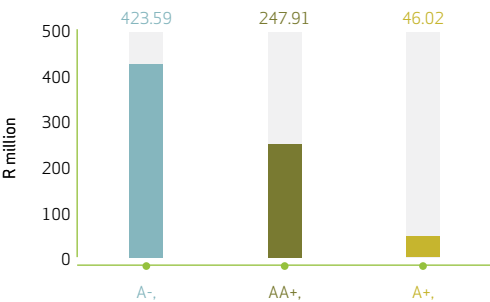
Transnet risk per long-term rating - 2025 (R million)



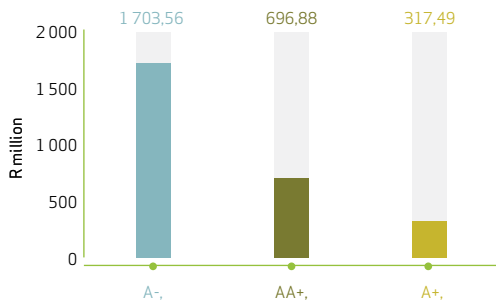
Transnet risk per long-term rating - 2024 (R million)



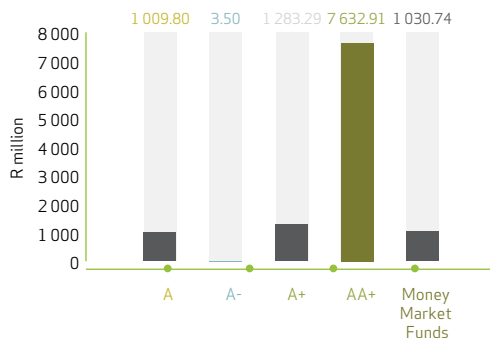
Transnet risk (derivatives) per long-term rating - 2025



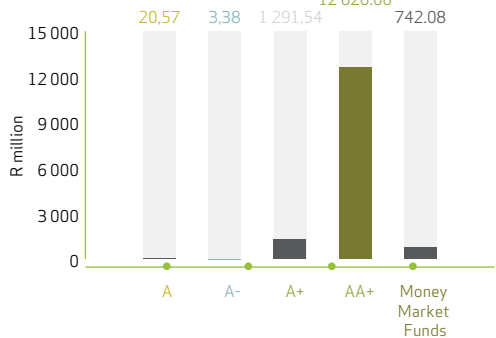
Transnet risk (derivatives) per long-term rating - 2024



Transnet risk (investments) per long-term rating - 2025



Transnet risk (investments) per long-term rating - 2024



36. Financial risk management continued

Market risk

Foreign currency risk

The Company's and Group's net long/(short) foreign currency risk exposures as at 31 March 2025 are reflected below (expressed in notional amounts):

	2025			2024		
	USD US\$/m	JPY ¥/m	EUR €/m	USD US\$/m	JPY ¥/m	EUR €/m
Foreign currency bonds	(1 000)	—	—	(1 000)	—	—
Secured bank loans	(944)	—	—	(1 214)	—	—
Brazil equity investment	2	—	—	3	—	—
Gross financial position exposure	(1 942)	—	—	(2 211)	—	—
Exposures for future expenditure	(31)	—	(6)	(2)	—	—
Gross foreign currency exposure	(1 973)	—	(6)	(2 213)	—	—
Forward exchange contracts	31	—	6	1	—	—
Cross-currency swaps	1 944	—	—	2 214	—	—
Net uncovered exposure	2	—	—	2	—	—

Sensitivity analysis

The table below shows the impact on profit and loss (non-hedge-accounted transactions) of a stronger and weaker Rand for the Company and Group, as a result of fair value movements of cross-currency interest rate swaps and forward exchange contracts:

Currency	2025				2024			
	Currency exposure in millions of currency	Fair value R million	Impact of Rand strengthen- ing R million	Impact of Rand weakening R million	Currency exposure in millions of currency	Fair value R million	Impact of Rand strengthen- ing R million	Impact of Rand weakening R million
AUD	—	—	—	—	—	—	—	—
EUR	—	—	—	—	—	—	—	—
GBP	—	—	—	—	—	—	—	—
USD	(9)	(0.3)	(22)	22	0.01	0.001	0.01	(0.01)
Totals	(9)	(0.3)	(22)	22	0.01	0.001	0.01	(0.01)

Hedge accounting is applied to 99% of currency hedges where structures are designated either as fair value hedges or cash flow hedges as detailed in note 14. The sensitivity analysis above includes the impact of fair value movements on derivatives that are part of effective hedge accounting, hence the analysis is on the net balance, after the offsetting effect of the hedged item and hedging instruments. The sensitivity analysis was calculated using a 95% confidence interval over a 115-working day horizon (2024: 2-working day horizon) and assumes all other variables remain unchanged. Basis swap adjustments have been added to the curves when doing the sensitivities to ensure that a more accurate market value is reflected, taking into account market liquidity.

Value at risk (fx)

The value at risk (VaR) for direct committed capital and operational exposures and the Brazilian equity investment is R3 million (2024: R5 million). VaR calculates the maximum pre-taxation loss expected (or worst-case scenario) on a position held, over a 90-working day horizon given a 95% confidence level, and is used on a limited basis at Transnet. The VaR methodology is a statistically defined, probability-based approach that takes into account, *inter alia*, market volatilities relative to a position held. The Group uses historical simulation and the model assumes that historical patterns will repeat into the future and does not take extreme market conditions into account.

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36. Financial risk management continued

Foreign exchange rates

The mid-rates of exchange against Rand used for conversion purposes were:

	2025	2024
US dollar	18,36595	18.93485
Euro	19,8564	20.4430

Interest rate risk

The Company's and Group's exposure to fixed and floating interest rates on financial liabilities is as follows:

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
71 397	77 337	Fixed-rate liabilities	77 337	71 397
66 265	67 448	Floating-rate liabilities	67 448	66 265
137 662	144 785	Total ¹	144 785	137 662

¹ These values include the repo liability of R0 million (2024: R0 million), which have a maturity term of one week.

The exposure to floating interest rates on foreign financial liabilities is R35,4 billion (2024: R22,6 billion) for the Company and Group.

No floating rate foreign liabilities were swapped to fixed rates. The Board approved a targeted range of fixed interest rates that may be managed to enable management to utilise interest rate yields.

Sensitivity analysis

The sensitivity analysis below reflects the interest rate impact on the finance cost budget for the 2025 financial year in respect of existing liabilities and new funding requirements for Company and Group.

Impact	2025					2024				
	Shift +100bp R million	Shift -200bp R million	Shift +250bp R million	Shift -500bp R million	Shift +500bp R million	Shift +100bp R million	Shift -200bp R million	Shift +250bp R million	Shift -500bp R million	Shift +500bp R million
Finance cost impact (increase)/decrease	(646)	1 292	(1 615)	3 229	(3 230)	(700)	1 398	(1 748)	3 496	(3 496)

The impact on profit and loss of higher foreign interest rates on the Company and Group is insignificant, as all foreign debt has been swapped to a fixed Rand interest rate risk.

The Group is exposed to interest rate benchmark reform from the Johannesburg Inter-Bank Average Rate (JIBAR) to the South African Rand Overnight Index Average (ZARONIA). Transnet expects the impact of the benchmark reform to be limited to changes in the cash flows under the loans and corresponding hedges, valuation of derivatives, application of hedge accounting and the impact on the accounting systems. The transition plan is in step with market reform dates.

Price risk

The Group has an exposure to equity price risk on the Brazilian Stock Exchange. At year-end, the quoted value of the Group's investment in Brazil was R38 million (2024: R61 million). Management believes that the foreign exchange exposure on this investment is significantly greater than that of equity price risk and as such, the sensitivity for this investment has been included in the foreign currency risk net position and VaR calculations.

Commodity price risk (fuel)

The table below shows the cash flows at risk scenarios against the approved fuel budget for the 2026 financial year at various levels of Brent crude and USD/ZAR (\$/R) exchange rates as at 31 March 2025 (excluding energy levies for Company and Group). Amounts are in R million.

31 March 2025	\$/R 16.13	\$/R 17.25	\$/R 18.37	\$/R 19.48	\$/R 20.60
BRT @ \$53	759	670	581	492	404
BRT @ \$64	504	397	291	184	78
BRT @ \$75	248	124	0	(124)	(248)
BRT @ \$85	(7)	(149)	(291)	(432)	(574)
BRT @ \$96	(262)	(422)	(581)	(741)	(900)

36. Financial risk management continued

The table below shows the cash flow at risk scenarios against the approved fuel budget for the 2025 financial year at various levels of Brent crude and USD/ZAR (\$/R) exchange rates as at 31 March 2024 (excluding energy levies) for Company and Group. Amounts are in R million.

31 March 2024	\$/R11,04	\$/R16,04	\$/R18,93	\$/R21,83	\$/R26,83
BRT @ \$60	1 180	825	620	414	59
BRT @ \$70	1 050	635	395	156	(259)
BRT @ \$87	820	302	-	(298)	(816)
BRT @ \$105	591	(31)	(391)	(751)	(1 373)
BRT @ \$115	460	(221)	(615)	(1 009)	(1 691)

Classification, fair values and analysis of financial instruments

Categories of financial instruments:

Company			Group	
2024 R million	2025 R million		2025 R million	2024 R million
22 478*	20 384	Financial assets at amortised cost – Trade receivables, contract assets, bank and cash and other assets ¹	20 407	22 501*
6 011	3 511	Fair value through profit or loss – Derivatives held for risk management	3 511	6 011
176	239	– Other financial assets	239	176
61	38	Fair value through other comprehensive income – Equity investment (Rumo)	38	61
164 690	181 408	Financial liabilities at amortised cost – Liabilities measured at amortised cost (including trade payables, accruals and contract liabilities) ²	181 408	164 690
311	453	Fair value through profit or loss – Derivatives held-for-hedging	453	311

* Adjusted to include the restricted investment for the rehabilitation of Transnet Pipelines land, long-term debtors and exclude lease smoothing debtors and prepayments.

¹ Other assets include short-term investments, long-term debtors and the restricted investment for the rehabilitation of Transnet Pipelines land.

² Trade payables, accruals and contract liabilities, excluding post-retirement employee benefit and tax related accruals.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

Company				Group			
2024 Fair value R million	Carrying value R million	2025 Fair value R million	Carrying value R million		2025 Fair value R million	Carrying value R million	2024 Fair value R million
138 634	134 748	146 801	142 106	Borrowings	146 801	142 106	138 634
2 264	2 914	2 325	2 679	Lease liabilities	2 325	2 679	2 264

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36. Financial risk management continued

Fair values of financial instruments

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree of market observability of the inputs of the fair value:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category of instrument consists mainly of derivatives concluded for risk management purposes.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
2025				
Financial assets at FVTPL*				
Derivative financial assets (Company and Group)	—	3 511	—	3 511
Other financial assets (Company and Group)***	—	—	239	239
Financial assets at FVTOCI**				
Equity investment (Rumo) (Company and Group)	38	—	—	38
Financial liabilities at FVTPL*				
Derivative financial liabilities (Company and Group)	—	453	—	453
2024				
Financial assets at FVTPL*				
Derivative financial assets (Company and Group)	—	6 011	—	6 011
Other financial assets (Company and Group)***	—	—	176	176
Financial assets at FVTOCI**				
Equity investment (Rumo) (Company and Group)	61	—	—	61
Financial liabilities at FVTPL*				
Derivative financial liabilities (Company and Group)	—	311	—	311

* FVTPL - Fair value through profit and loss.

*** FVTOCI – Fair value through other comprehensive income.

	2025	2024
*** Opening balance (R million)	176	128
Fair value adjustment (R million)	63	48
Closing balance (R million)	239	176

Measurement of fair values

The table below shows the valuation techniques used in measuring level 2 and level 3 fair values, as well as the significant unobservable inputs used:

Financial instruments measured at fair value	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Cross-currency and interest rate swaps and forward exchange contracts used for hedging ¹	Discounted cash flow method using market yield curves to project and discount cash flows. The Monte Carlo simulation model is used, incorporating market inputs that were observable, probabilities of default, recovery rates and expected future exposures per counterparty.	Not applicable	Not applicable
Issued bonds	Bonds were priced at fair values using quoted market prices.	Not applicable	Not applicable
Other financial assets ²	Net asset value.	Not applicable	Not applicable
Other financial liabilities ³	Loans were valued using risk-free yield curves adjusted for credit risk of counterparties.	Not applicable	Not applicable

¹ Fair values include market observable and unobservable inputs for credit valuation adjustments (CVAs) and debit value adjustments (DVAs).

² Guardrisk insurance cell.

³ Other financial liabilities include borrowings and finance lease obligations.

Transfers between levels 1 and 2

There were no transfers in either direction between levels 1 and 2 in both the current and prior reporting period.

36. Financial risk management continued

Level 3 fair values

There were no transfers into or out of level 3 in both the current and prior reporting period.

The net gains and losses on financial instruments are detailed below:

	Company	Group
	Net gain/(loss) R million	Net gain/(loss) R million
2025		
Liabilities measured at amortised cost ¹ (refer note 6)	(16 282)	(16 282)
Financial assets at amortised cost (refer note 7)	527	527
Financial assets and liabilities held at fair value through profit or loss ² (refer note 5)	(120)	(120)
Equity and debt investments held at fair value through other comprehensive income	(23)	(23)
2024		
Liabilities measured at amortised cost ¹ (refer note 6)	(15 436)	(15 436)
Financial assets at amortised cost (refer note 7)	509	509
Financial assets and liabilities held at fair value through profit or loss ² (refer note 5)	(180)	(180)
Equity and debt investments held at fair value through other comprehensive income	13	13

¹ The net loss on financial liabilities measured at amortised cost consists mainly of interest expense after offsetting against effective cash flow hedges.

² The net gain/(loss) on Company and Group financial assets and financial liabilities held-for-trading is a R183 million loss (2024: R228 million loss).

Transnet's credit rating

Transnet is officially rated by Moody's Ratings (Moody's) and S&P Global Ratings (S&P). The 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/SACP)	caa1	ccc+

On 7 August 2025, Moody's announced their ratings decision which brought to an end the review for downgrade they initiated on 15 May 2025. The national scale senior unsecured MTN programme rating was upgraded to A1.za from A2.za and the national scale other short-term rating was affirmed at P-1.za. The corporate family ratings (long-term local and foreign currency) of Ba3 was also affirmed. Transnet's baseline credit assessment, which is the standalone credit rating, was downgraded to to caa1 from b3. The ratings were assigned a stable outlook.

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, including the global issuer rating, long-term local currency and foreign currency ratings from BB- to B+ with a stable outlook, the standalone credit profile from b to ccc+, and the national scale rating from zaAA-/zaA-1+ to zaA/zaA-1. The BB issue rating on the R3.5 billion government-guaranteed debt was affirmed.

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.

The above rating downgrades resulted in a loan covenant breach and affected certain loans with a capital balance of R34,5 billion. The downgrade triggered a range of actions. Credit waivers were received from the relevant lenders in instances where a prepayment was triggered. In addition, in July 2025, the government announced a further guarantee of R94,8 billion to Transnet, R48,6 billion of which is to assist with debt redemptions and liquidity risks whilst the remaining R46,2 billion is aimed at addressing the risks associated with potential credit rating downgrades on Transnet's debt. Negotiations regarding the guarantees, margin adjustments, and remedial action plans remain ongoing with the respective lenders.

Notes to the annual financial statements
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37. Details of investments in subsidiaries and associates

	Effective holding		Voting power held	Shares at cost		Interest of holding company net profit/(loss)		Interest of holding company indebtedness		Accumulated impairment and losses	
	2025 %	2024 %	2025 %	2025 R million	2024 R million	2025 R million	2024 R million	2025 R million	2024 R million	2025 R million	2024 R million
Subsidiaries¹											
International business activities											
Transnet International Holdings SOC Ltd (TIH) ²	100	100	100	—	—	—	—	—	—	—	—

¹ Incorporated in the Republic of South Africa, unless stated otherwise.

² Dormant.

		Effective holding		Shares at cost		Interest of holding company indebtedness		Accumulated impairment and losses		Share of post-acquisition reserves		Total	
Equity-accounted investees ¹		2025 %	2024 %	2025 R million	2024 R million	2025 R million	2024 R million	2025 R million	2024 R million	2025 R million	2024 R million	2025 R million	2024 R million
Associates													
Commercial Cold Storage (Ports) (Pty) Ltd	Storage and bondage	30	30	—	—	1	1	—	—	7	6	8	7
Comazar (Pty) Ltd ²	Transport logistics	32	32	13	13	8	8	21	21	—	—	—	—
RainProp (Pty) Ltd	Property development and management	20	20	—	—	1	1	—	—	29	37	30	38
Gaborone Container Terminal ³	Container terminal	36	36	6	6	—	—	—	—	28	26	34	32
Joint ventures													
Cytobix (Pty) Ltd (Godisa supplier development fund)	Supplier development	50	50	—	—	28	28	28	28	—	—	—	—
				19	19	38	38	49	49	64	69	72	77

¹ Incorporated in the Republic of South Africa, unless stated otherwise.

² Dormant.

³ Incorporated in Botswana and was reclassified from a joint venture to associate in the prior reporting period.

Summarised financial information of significant equity-accounted investees

	Commercial Cold Storage (Ports) (Pty) Ltd R million	Gaborone Container Terminal R million	RainProp (Pty) Ltd R million
Financial position			
Total assets	95	108	857
Total liabilities	73	9	341
Results of operations			
Revenue	102	29	218
Net profit	6	(1)	53

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38. Group prescribed officer and director emoluments

The table below depicts the guaranteed pay of the executive directors and prescribed officers for the reporting year:

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 ^{1,7}	—	—	—	—	—	16 882
M Phillips ^{2,5}	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 ^{1,7}	—	—	—	—	—	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 ⁷	—	—	—	—	—	12 779
R Mills ⁶	1 161	113	1	2 001	3 276	5 100
M Silinga ⁸	5 375	523	2	—	5 900	5 900
K Phahlamohlaka ^{1,3}	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 ^{1,3}	4 646	452	2	—	5 100	5 100
HS Chetty ^{1,4}	1 016	108	1	—	1 125	4 500
A Pillay	4 501	349	2	—	4 852	4 852
HT Makhathini ³	—	—	—	—	—	1 731
RL Baatjies ^{10,13}	5 071	426	2	—	5 499	1 486
MP Difeto ^{9,13}	3 766	268	2	303	4 339	716
SW Khat ^{9,13}	4 050	289	2	38	4 379	1 275
RNM Maphumulo ^{2,4}	4 608	490	2	—	5 100	—
LS Letsoalo ¹²	4 873	—	2	—	4 875	—
BS Mabunda ^{11,13}	3 141	244	2	201	3 588	—
M Motlohi ^{11,13}	1 680	141	1	86	1 908	—
Total	86 982	6 391	39	4 046	97 458	107 166

¹ Group executives who were members of the Board of Directors in the prior financial year.

² Group executives who are members of the Board of Directors.

³ Acted as Chief Financial Officer and a member of the Board of Directors in the prior financial year, with her term ending at the end of the 2024 financial year.

⁴ Appointed as Chief Financial Officer and a member of the Board of Directors during the financial year.

⁵ Other payments relate to relocation costs in accordance with the Transnet relocation policy.

⁶ Retired during the financial year. Other payments included a payment made in accordance with the termination agreement entered into between the parties, after the necessary approval by the relevant governance structures.

⁷ Terminated during the prior financial year.

⁸ Suspended during the prior financial year.

⁹ Acted as an Exco member from the prior financial year.

¹⁰ Acted and was then appointed as an Exco member during the prior financial year.

¹¹ Acted as an Exco member during the financial year.

¹² Appointed as Group Chief Operating Officer and an Exco member during the financial year.

¹³ Replaced by the Group Chief Operating Officer as a member of Exco but remained a prescribed officer.

¹⁴ Resigned during the financial year.

38. Group prescribed officer and director emoluments continued

The table below reflects the short- and long-term incentive payments for the executive directors and prescribed officers for the reporting year:

Member	Long-term incentive* 2025 R 000	Long-term incentive* 2024 R 000	Short-term incentive* 2025 R 000	Short-term incentive* 2024 R 000
PPJ Derby ^{1,7}	—	—	—	—
M Phillips ²	—	—	—	—
P Munyai	—	—	—	—
V Nemukula	—	—	—	—
N Dlamini ^{1,7}	—	—	—	—
A Shaw	—	—	—	—
S Coetzee	—	—	—	—
B Kani	—	—	—	—
S Mzimela ⁷	—	—	—	—
R Mills ⁶	—	—	—	—
M Silinga ⁸	—	—	—	—
K Phahlamohlaka ^{1,3}	—	—	—	—
IK Matsheka	—	—	—	—
S Khan	—	—	—	—
DJ Mdaki ^{1,3}	—	—	—	—
HS Chetty ^{1,4}	—	—	—	—
A Pillay	—	—	—	—
HT Makhathini ³	—	—	—	—
RL Baatjies ^{10,13}	—	—	—	—
MP Difeto ^{9,13}	—	—	—	—
SW Khat ^{9,13}	—	—	—	—
RNM Maphumulo ^{2,4}	—	—	—	—
LS Letsoalo ¹²	—	—	—	—
BS Mabunda ^{11,13}	—	—	—	—
M Motlohi ^{11,13}	—	—	—	—
Total	—	—	—	—

* Included in trade payables and accruals (refer note 28).

¹ Group executives who were members of the Board of Directors in the prior financial year.

² Group executives who are members of the Board of Directors.

³ Acted as Chief Financial Officer and a member of the Board of Directors in the prior financial year, with her term ending at the end of the 2024 financial year.

⁴ Appointed as Chief Financial Officer and a member of the Board of Directors during the financial year.

⁶ Retired during the financial year.

⁷ Terminated during the prior financial year.

⁸ Suspended during the prior financial year.

⁹ Acted as an Exco member from the prior financial year.

¹⁰ Acted and was then appointed as an Exco member during the prior financial year.

¹¹ Acted as an Exco member during the financial year.

¹² Appointed as Group Chief Operating Officer and an Exco member during the financial year.

¹³ Replaced by the Group Chief Operating Officer as a member of Exco but remained a prescribed officer.

¹⁴ Resigned during the financial year.

Notes to the annual financial statements

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38. Group prescribed officer and director emoluments continued

The table below depicts the actual remuneration for the Transnet non-executive directors for the reporting year:

Board member	Fees R 000	Other payments R 000	Total 2025 R 000	Total 2024 R 000
PS Molefe (Chairperson) ¹	—	—	—	731
DC Matshoga ²	—	—	—	196
UN Fikelepi ²	—	—	—	252
FS Mufamadi	1 327	—	1 327	1 240
AP Ramabulana ²	—	—	—	224
ME Letlape ²	—	—	—	224
A Sangqu (Chairperson) ³	1 947	—	1 947	2 195
B Sedupane ⁴	1 307	—	1 307	1 497
B Jiya ⁴	1 235	—	1 235	1 473
C Benjamin ^{4,5}	746	—	746	1 237
D Patel ⁴	1 490	—	1 490	1 628
L Letsoalo ⁴	1 499	—	1 499	1 548
M Debel ⁴	1 321	—	1 321	1 655
MP Zambane ⁴	1 595	—	1 595	1 729
R Buthelezi ⁴	1 044	—	1 044	1 309
Total	13 511	—	13 511	17 138

¹ Stepped down as Chairperson in the prior financial year, but remained as a non-executive director and then subsequently resigned from the Board of Directors during the prior financial year.

² Retired due to director rotation during the prior financial year.

³ Appointed as Chairperson of the Board of Directors in the prior financial year.

⁴ Appointed as non-executive director in the prior financial year.

⁵ Resigned during the financial year.

39. Going concern

The consolidated financial statements are prepared on the going-concern basis. In undertaking the going concern assessment for the foreseeable future, the directors have considered and evaluated the following:

- Financial performance;
- Current economic factors and projections;
- Funding and liquidity considerations;
- Loan covenants;
- Credit rating agencies;
- Economic regulation risks;
- Current litigation matters;
- Contingent liabilities and post balance sheet events; and
- Counter party risk.

The key features of this assessment are summarised as follows:

Financial performance

Transnet’s revenue performance for the year ended 31 March 2025 improved by 7,8% when compared to the prior year driven by weighted average tariff increases and a rail volume increase, partially offset by lower container and pipeline volumes. Transnet continued to be hampered by various operational challenges, mainly affecting the rail and port businesses, including derailments, rail network challenges, safety and security incidents, maintenance shutdowns, locomotive and wagon availability, adverse weather conditions, tippler breakdowns and equipment reliability issues (particularly at Dbn Pier 2 and Saldhana Iron Ore Terminal). Take or pay penalties of R1,4 billion were also adjusted for in the rail and port businesses.

Despite the improved revenue performance, the Group did however report a R1,9 billion loss for the year, which is a 74,0% reduction in the loss from the prior year. The improvement is positive and a step in the right direction in the Group’s recovery, but it is clear that Transnet must maintain its continued focus on addressing operational challenges to aid in returning the Company to a sustained profitable operational performance and in so doing address rising debt levels. The current year 44,2% increase in capital expenditure will contribute positively to operational efficiencies.

39. Going concern continued

Projections

Another annual improved revenue performance, reliable cash generation from operations after working capital changes and improved rail volume performance provides an adequate base for Transnet to continue its drive to sustainable profitability. The concluded recovery plan has definitely assisted the business positively (although some of the objectives were not achieved) and the directors believe that the reinvent for growth strategy (please refer to the 31 March 2025 integrated report for further details) will carry on the baton of recovery, and with the continued support of the shareholder representative and National Treasury (NT) (in the form of further approved government guarantees of R51 billion and R94,8 billion), Transnet is on course to contributing positively to economic growth in the country.

Transnet will continue to navigate an ever-changing legislative landscape on its path of recovery, including reforms that could result in the corporatisation of National Ports Authority into a wholly owned subsidiary of Transnet. The Minister of Transport, in a letter dated 20 March 2025, established a task team chaired by the Department of Transport (DoT), to provide recommendations to the minister on the most suitable process for incorporating National Ports Authority. The fully utilised R47 billion Guarantee Support Framework Agreement (GSFA) provided that Transnet must establish the National Ports Authority as a wholly-owned subsidiary by 30 April 2025. However, following several submissions and engagements with the DoT, and the work of the task team, National Treasury withdrew the incorporation date of 30 April 2025, to allow the task team to establish the appropriate mechanisms and timelines required to incorporate National Ports Authority, in a manner that will have a minimal impact on the financial sustainability and going concern status of Transnet. Transnet Freight Rail is in the process of splitting into Transnet Freight Rail Operating Company (TFROC) and the Transnet Rail Infrastructure Manager (TRIM) in the 2026 financial year and TRIM will oversee rail network quality and reliability to deliver the highest possible tonnage for the business. The GSFA requires the split and establishment of TRIM as a wholly owned subsidiary of Transnet by 30 September 2025.

The directors take note of the United States of America (US) announcement on 7 July 2025 of a 30% tariff on South African imports into the US, and will continue to track and assess the potential impact of such on Transnet operations, including the potential mitigation options available to the organisation. The expected impact on Transnet operations at this stage is unknown.

The 2025/26 corporate plan depicts an improvement in financial performance as operations improve over time. Financial performance has shown signs of stabilisation in key areas of the business and with the continued joint effort of management and the Board to improve efficiencies and build on the positive signs, the Group is projected to accelerate and contribute in a dependable manner economically in subsequent years. Transnet will focus on improving cash generation to support capital investment and to partially repay loans.

Funding considerations

Transnet expects continued access to debt capital markets, primarily through its Domestic Medium-Term Note (DMTN) programme and long-term loans to satisfy its funding requirements. The funding pipeline has been bolstered by a further government guarantee facility of R51 billion which was approved by NT in May 2025. R41 billion of the guarantee has been earmarked for capital expenditure and loan redemptions with the remaining R10 billion to be utilised in support of liquidity requirements. Transnet has raised R27,9 billion funding in the 2025 financial year in the form of bonds and commercial paper under the DMTN programme and bank loans, in line with the funding plan and to allow for prefunding for the coming financial year to support a positive liquidity position.

For the 31 March 2025 reporting year, Transnet achieved a cash interest cover (CIC) of 1,8 times (2024: 1,9 times). A number of loans require Transnet to maintain the CIC covenant at a minimum of 2,5 times and 2,0 times at 31 March and 30 September of each financial year. A CIC below 2,5 times and 2,0 times constitutes a breach of the CIC loan covenant on affected loans with a total capital balance of R38,6 billion. The breach is an event of default and is the main driver for the Group’s net current liability position (the increase in this position is due mainly to the TotalEnergies and Sasol Oil settlement accruals that have since been paid in the 2026 financial year). Transnet secured waivers from all the lenders affected by the covenant breach, with all matters appropriately closed.

Importantly, Transnet’s credit profile has enhanced as a result of the government guarantee facilities and that has mitigated the need for financial covenants such as the CIC, which was not included in any of the new funding deals.

The directors note the resultant increase in debt levels, the related borrowing cost pressure on the cash flow projections, and the ability of the Group to settle their debts as they become due and payable. However, the recent debt secured is over a longer tenure at concessionary pricing, thus alleviating some of the cash flow pressure.

The directors also note the concerns raised by the rating agencies in their last Transnet rating action (please refer to note 36 for further details), but believe that these concerns are mitigated by the focus on addressing operational challenges (aided by the Group capital expenditure programme) and the continued government support in the form of government guarantee facilities. The recent rating downgrades resulted in a loan covenant breach and affected certain loans with a capital balance of R34,5 billion. The downgrade triggered a range of actions. Credit waivers were received from the relevant lenders in instances where a prepayment was triggered. In July 2025, the government announced a further guarantee of R94,8 billion to Transnet, R48,6 billion of which is to assist with debt redemptions and liquidity risks whilst the remaining R46,2 billion is aimed at addressing the risks associated with potential credit rating downgrades on Transnet’s debt.

Litigation, contingent liabilities and post balance sheet events

The directors evaluated all significant matters, including ongoing legal proceedings and contingent liabilities with any developments during the post-reporting period and assessed their impact on the liquidity and solvency of the Group, including the aforementioned TotalEnergies and Sasol Oil settlements.

Conclusion

After performing the assessment and considering all associated risks, the directors believe that material uncertainties relating to events or conditions which may cast significant doubt on the entity’s ability to continue as a going concern exist, but these are adequately mitigated as detailed above. The directors will continue to manage these mitigation strategies as a priority as it is important that they materialise as envisaged. The directors after carefully considering the progress and conclusion of the recovery plan, the objectives of the reinvent for growth strategy and the financial support from the government, through the provision of guarantees, still believes that the Group will continue to have access to adequate resources and facilities to be able to continue its operations and fund the capital investment programme for the foreseeable future as a going concern. They therefore continue to adopt the going concern assumption in preparing the financial statements of Transnet SOC Ltd.

Notes to the annual financial statements

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40. Information required by the Public Finance Management Act

1. Irregular expenditure

(a) Details of current and prior year irregular expenditure:

Details	Company and Group	
	2025 R'million	2024 R'million
Irregular expenditure confirmed	3 161	3 793

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 (2024: R262,5 million) relates to new irregular contracts identified and confirmed in the 2025 financial year (FY), the remaining balance of R2,88 billion (2024: R3,53 billion) relates to multi-year contracts that were already confirmed in prior years. This represents a noticeable reduction in overall irregular expenditure of 16,7% from the prior year.

An amount of R586,1 million in irregular expenditure for the current year (2024: 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.

A loss control function performs the determination test by identifying the root causes of the non-compliance, the responsible officials and any financial loss and then makes recommendations to the Board for condonation by the relevant authority.

Section 55(2)(b)(i) of the PFMA requires that the particulars of any irregular expenditure, any fruitless and wasteful expenditure as well as material losses due to criminal conduct be disclosed in the annual financial statements and annual report (integrated report). The National Treasury Instruction No. 4 of 2022/23 on the PFMA compliance and reporting framework was applied in this regard when compiling the disclosure in the annual financial statements and integrated report.

Detailed information and reconciliation of irregular expenditure has been reported in the integrated report. In accordance with the applicable instruction note, only irregular expenditure relating to the current and comparative financial years is disclosed in the annual financial statements.

Transnet received an exemption from disclosing the particulars required by section 55(2)(b)(i)(ii) and (iii) of the PFMA in the annual financial statements for the 2022 FY to the 2024 FY. The exemption afforded Transnet the opportunity to address the legacy challenges in this area by attending to the improvement of internal control measures to ensure accurate and complete reporting of irregular and fruitless and wasteful expenditure (IFWE) going forward.

The organisation launched initiatives to improve Transnet's internal control environment. These initiatives included a PFMA remedial plan to address the root causes of irregular expenditure, supply chain management (SCM) transformation and digitisation. The implementation of the remedial plan resulted in significant improvements on the internal control processes and the supply chain control environment. This is also evident from the reduction of new irregular expenditure contracts entered into.

The PFMA exemption has since expired as at 31 March 2024. The 2025 FY is the first-year post exemption in which Transnet is disclosing the PFMA note in the annual financial statements.

Impracticability judgement – purchase orders less than R2 million

Transnet Engineering (Engineering) initiated a PFMA improvement plan to review procurement contracts and purchase orders (POs) for the financial years 2022 to 2025, aiming to strengthen compliance with supply chain legislation and ensure accurate PFMA reporting.

While Engineering successfully completed the review of all contracts and POs above R2 million, reviews for POs below R2 million remain incomplete due to resource constraints. These limitations stem from budget restrictions as well as a moratorium to freeze the recruitment process as part of the recovery plan.

To date, Engineering has reviewed 73% of the 17 969 POs under R2 million from the 2024 FY, and 68% of the 18 069 POs from the 2025 FY.

Despite the operational challenges, Engineering has made notable progress in improving its control environment. SCM audit findings by the AGSA decreased by over 70% in the 2024 FY, and limitations of scope issues were significantly reduced.

40. Information required by the Public Finance Management Act continued

(b) Details of current year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken	Company and Group	
	2025 R'million	Number of cases
Counselling	279	13
Verbal warning	12	1
Dismissal	5	4
Exited employees ¹	150	13
Total	446	31

¹ These employees could not be subjected to disciplinary action as they exited the organisation prior to proceedings.

2. Fruitless and wasteful expenditure

(a) Details of current and prior year fruitless and wasteful expenditure

Details	Company and Group	
	2025 R'million	2024 R'million
Fruitless and wasteful expenditure confirmed	42	9

Fruitless and wasteful expenditure is expenditure made in vain that could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is reported in the annual financial statements when it is confirmed. The bulk of the fruitless and wasteful expenditure incurred in the current year is due to one incident of interest incurred on late payments on municipality billings. Transnet is in discussions with the municipality and has received remittance on a portion of the interest owing. Due to ongoing engagements with the municipality, there has not been any disciplinary proceedings taken as yet.

3. Details of material losses through criminal conduct

(a) Details of current and prior year material losses through criminal conduct

Details	Company and Group	
	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.

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for the year ended 31 March 2025

41. Events after the reporting period

Wabtec portion of 1 064 locomotive supply agreement high court judgement

On 14 April 2025, the High Court of South Africa made the settlement agreements Transnet and Wabtec concluded the just and equitable remedy in respect of the review application Transnet had brought to set aside the 1 064 locomotive supply agreements. Wabtec delivered in full in terms of the locomotive supply agreement and Transnet is to retain the locomotives delivered. This had no impact on the annual financial statement balances.

Ballast waste exclusion from environmental waste definition

On 22 April 2025, the Department of Forestry, Fisheries and Environment (DFFE) issued a formal decision stating that ballast waste has been excluded from the definition of environmental waste. Transnet Freight Rail had previously petitioned to the DFFE to exclude ballast waste from the definition of environmental waste. Accordingly, the environmental provision relating to ballast waste of R423 million has been reversed in the financial statements as an adjusting event under IAS 10 *Events after the reporting period*.

Settlement agreement reached with Sasol Oil

On 23 May 2025, the Transnet Board approved the R4,3 billion settlement agreement between Transnet and Sasol Oil, with the related claim settled in the 2026 financial year. This resulted in Transnet adjusting the current reporting period financial results in line with the settlement agreement as detailed in the annual financial statements.

Settlement agreement reached with TotalEnergies

On 30 May 2025, the Transnet Board approved the R1,2 billion settlement agreement between Transnet and TotalEnergies, with the related claim settled in the 2026 financial year. This resulted in Transnet adjusting the current reporting period financial results in line with the settlement agreement as detailed in the annual financial statements.

US announcement of 30% tariff on South African imports

On 7 July 2025 the US announced a 30% tariff on South African imports into the US. The Transnet Board and management will track and assess the potential impact of such on Transnet operations, including the potential mitigation options available to the organisation.

Rating agency updates

In July and August 2025, S&P and Moody's announced their rating decisions, the details of which are disclosed in note 36 of the annual financial statements. This had no impact on the annual financial statement balances.

Glossary of terms

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 (expense)/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 (as define above) expressed as a percentage of the sum of debt and equity (as defined above).

Headline earnings

As defined in Circular 2/2015, 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, as defined below (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.

Abbreviations and acronyms

AGSA	Auditor-General of South Africa
Aids	Acquired immune deficiency syndrome
B-BBEE	Broad-Based Black Economic Empowerment
bp	Basis point
CGT	Capital gains tax
CGU	Cash generating unit
CIC	Cash interest cover
CIDB	Construction Industry Development Board
CPI	Consumer price index
CTCT	Cape Town Container Terminal
CVA	Credit valuation adjustment
DCF	Discounted cash flows
DCT	Durban Container Terminal
DIFR	Disabling injury frequency rate
DMTN	Domestic medium-term note
DOA	Delegation of authority
DPE	Department of Public Enterprises
DVA	Debit valuation adjustments
EBITDA	Earnings before interest, tax, depreciation and amortisation
Exco	Executive committee
FRMP	Financial risk management policy
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
GDP	Gross domestic product
GFB	General freight business
GMTN	Global medium-term note
GRAP	Generally recognised accounting practice
HIV	Human immunodeficiency virus
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
JIBAR	Johannesburg Interbank Average Rate
JPY	Japanese Yen
KPI	Key performance indicator
LIBOR	London Interbank Offered Rate
NCT	Ngqura Container Terminal
NERSA	National Energy Regulator of South Africa
NMPP	New multi product pipeline

NSR	National scale rating
PAA	Public Audit Act of South Africa, No 25 of 2004
PFMA	Public Finance Management Act, No 1 of 1999
PPE	Property, plant and equipment
PPPFA	Preferential Procurement Policy Framework Act
Prasa	Passenger Rail Agency of South Africa
RSR	Railway Safety Regulator
Rumo	Rumo Logistica Operadora Multi-model S.A.
S&P	S&P Global Ratings
SACP	Stand-alone credit profile
SAMSA	South African Maritime Safety Authority
SARS	South African Revenue Service
SATS	South African Transport Services
SOC	State-owned company
SP	Special meeting
TEU	Twenty-foot equivalent unit
TMPS	Total measured procurement spend
TN	Transnet bond
TNZA	Transnet Rand bond
TNFU	Transnet floating rate unlisted bond
TSDBF	Transnet Second Defined Benefit Fund
TTPF	Transport Pension Fund: Transnet Sub-fund
USD	US Dollar
WACC	Weighted average cost of capital
WACD	Weighted average cost of debt
YTD	Year-to-date
ZAR	South African Rand

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 A Sangqu (Chairperson)
Ms R Buthelezi
Mr M Debel
Mr B Jiya
Ms L Letsoalo
Ms KG Mbonambi
Prof FS Mufamadi
Mr D Patel
Ms B Sedupane
Ms MP Zambane

Mr C Benjamin resigned from the Board, effective
1 September 2024.

Ms KG Mbonambi was appointed to the Board, effective
8 August 2025.

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 Davenry Street,
Lynnwood Bridge Office Park
Lynnwood Manor
Pretoria, SA

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PO Box 446
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Notes to the annual financial statements

for the year ended 31 March 2025

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