Transnet Customer Collaboration Policy

Document Owner: Transnet SOC Ltd

Effective Date: 01 December 2025

Version: 1.0

Review Cycle: 3 Years

Table of Contents

ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
CCP	Customer Collaboration Policy
DoA	Delegation of Authority
ESG	Environmental, Social and Governance
GIC	Group Investment Committee
GCE	Group Chief Executive
MCA	Mutual Cooperation Agreement
PFMA	Public Finance Management Act
PSP	Private Sector Participation
TE	Transnet Engineering
TFR	Transnet Freight Rail
TNPA	Transnet National Ports Authority
TPL	Transnet Pipelines
TPT	Transnet Port Terminals
TP	Transnet Property

1. BACKGROUND

South Africa's economic competitiveness is heavily reliant on the performance of its rail and port logistics systems. Transnet SOC Limited ("Transnet") is mandated to develop, maintain, and operate South Africa's freight rail and port system in a manner that ensures reliable, efficient, and competitive logistics services. The national freight logistics network constitutes strategic public infrastructure, fundamental to sustaining industrial competitiveness, enabling trade, and driving long-term economic development. As the backbone of South Africa's export-driven economy, this network connects mines, farms, and factories to both domestic and international markets. Its sustainability and operational continuity are therefore essential to protecting national export earnings, honouring service-level agreements, and advancing South Africa's broader economic development objectives.

Transnet's integrated freight system encompasses not only the physical infrastructure of track, rolling stock, terminals, and port facilities, but also the critical operational systems and enablers—including signalling, overhead traction equipment, yards, intermodal connections, control and information systems, security services, and port-side cargo handling equipment. Together, these elements form the end-to-end logistics value chain. Any constraint, failure, theft or vandalism, or underinvestment in any one component of this value chain has a cascading effect, undermining Transnet's ability to deliver consistent and reliable service. These challenges, if not addressed, directly threaten national export earnings, fiscal stability, and industrial competitiveness.

Demand for reliable and efficient freight transport has, however, outpaced the speed at which Transnet has been able to modernise, rehabilitate, and expand its assets and systems. This has resulted in persistent capacity bottlenecks, asset degradation, and service interruptions that directly constrain customers' ability to move goods to market at cost-competitive rates. In this context, Transnet's strategic clients and key industry stakeholders have both the incentive and the imperative to participate in joint upgrade initiatives. Such participation is not only essential for immediate operational improvements but also for ensuring that rail and port capacity keeps pace with market growth, thereby securing South Africa's logistics system as an enabler rather than a constraint on economic performance. This structured collaboration with clients becomes a strategic necessity - both to stabilise current operations and to enable targeted interventions that secure capacity, mitigate risks, and restore resilience in critical corridors.

The Customer Collaboration Policy (CCP) therefore provides a framework for tactical, operational partnerships with important clients, to ensure business continuity, throughput and global market access.

Collaboration will deliver value not only to Transnet and its customers, but also to the broader economy and society as a whole. To this end, collaboration initiatives will be assessed against their potential to:

(a) safeguard export revenues and protect Transnet's direct income streams;

(b) increase capacity through process and/or asset improvements; and

(c) comply with Transnet's technical specifications and standards.

Transnet concludes commercial contracts with its customers for income-generating purposes. Accordingly, Transnet is responsible for the provision and maintenance of its infrastructure to its customers. This obligation is regulated by public procurement legislation and Transnet's SCM Policy. In addition, where Transnet or government funds are utilised, supply chain legislative frameworks are applicable. However, in the execution of commercial contracts, customers may from time to time identify opportunities to upgrade Transnet infrastructure and assets that will improve their throughput of future volumes. The implementation of such initiatives will benefit both Transnet and the customer commercially and emanates purely from the commercial contractual arrangement. These initiatives do not constitute procurement as Transnet is not sourcing goods and/or services. This Policy seeks to govern these collaboration arrangements between Transnet and its customers. In summary, this Policy sets out the conditions, principles, and governance mechanisms under which Transnet may execute collaboration initiatives with customers for the purpose of restoring, upgrading, or expanding South Africa's freight rail, port, and associated logistics systems.

2. PURPOSE

2.1. The purpose of this Policy is to establish a clear, transparent, and practical framework for collaboration between Transnet and its customers, designed to address immediate operational challenges and safeguard the long-term competitiveness of the national logistics system.

2.2. Specifically, the Policy aims to:

2.1.1. Provide a lawful and transparent mechanism for targeted, customer-supported interventions, that ensure continuity of service to rehabilitate, upgrade, or expand rail and/or port assets, systems, and facilities, triggered by the customer and managed through the commercial contract for new customers and a formal addendum of commercial contracts with existing customers.

2.1.2. Facilitate joint initiatives that enhance capacity, efficiency, and reliability in critical rail and port corridors.

2.1.3. Ensure that all interventions are executed to Transnet's technical and operational standards, covering the full logistics value chain, including track, rolling stock, signalling, overhead traction equipment, yards, intermodal connections, port terminals, information and control systems, and relevant infrastructure;

2.1.4. Safeguard compliance with the terms and conditions of the customer contract, applicable contract law, and all relevant internal policies and procedures of both Transnet and the customer, including adherence to established governance requirements.

2.1.5. Empower the delegated authority subject to due diligence and oversight, implement the collaboration clauses of the commercial contracts with individual customer or groups of customers where such agreements are supported by a joint business case, and align with Transnet's operational priorities, and demonstrate measurable commercial and economic benefit;

2.1.6. Align customer collaboration initiatives with South Africa's national freight logistics strategy, ensuring that rail and port infrastructure and system capacity keeps pace with market growth, export demand, and industrial development.

2.1.7. Establish a framework for co-creation, innovation, and investment, enabling clients or a group of clients to contribute resources where these are aligned to both their operational priorities and Transnet's long-term plans; and

2.1.8. Align customer collaboration and resultant amendments to commercial agreements under this Policy with national policies, including industrialisation, trade facilitation, and economic growth objectives, as well as Transnet's strategic recovery and growth plans.

3. SCOPE

3.1. The Policy is purely commercial in nature, with the customer or group of customers electing to invest financial, technical, or in-kind resources into the rehabilitation, upgrade, or expansion of Transnet's freight rail, port, and associated logistics systems. While Transnet shall retain full ownership of all resulting assets including enhancements, the customer derives benefit from enhanced logistics performance, improved service reliability and business continuity coupled with increased system capacity, which support their own competitiveness and reduce overall logistics costs.

3.2. This Policy applies to commercial contracts containing collaboration clauses (including addenda, where applicable) entered into between Transnet and its customer(s) in respect of the end-to-end freight logistics system, including rail, port, intermodal, and associated operational systems. This includes, but is not limited to:

3.2.1. **Customer Targeted Capacity Increases**: Restoration or capital upgrades of defined rail corridors, yards, sidings, intermodal facilities, or port terminals, undertaken to extend the life of the asset, alleviate bottlenecks, improve throughput, or enhance safety and reliability. These interventions must deliver demonstrable efficiency gains and measurable improvements in system performance, ensuring alignment with customer demand growth.

3.2.2. **Strategic Capacity Expansion**: Larger-scale initiatives undertaken in partnership with individual customer or groups of customers to create new or additional rail and port capacity, provided that such interventions are consistent with applicable regulatory requirements and do not conflict with Transnet's Private Sector Participation (PSP) processes. These expansions are justified where they unlock significant economic value for both Transnet and the customers, strengthen South Africa's competitive position, or address long-term growth requirements.

3.2.3. **Exceptional National-Interest Cases**: Other specific cases as may be agreed by the Transnet Board or shareholder, where collaboration is necessary to safeguard national economic continuity, strategic competitiveness, or broader public-interest imperatives.

3.3. Collaboration initiatives include but are not limited to:

3.3.1. Customer-financed assistance, where customers provide financial resources to execute specific works in partnership with Transnet;

3.3.2. Customer-led upgrades or repairs to physical infrastructure, with completed works transferred to Transnet subject to validation and approval by the relevant Transnet Engineering Authority;

3.3.3. Joint upgrades, repairs, or additions to rolling stock, port equipment, signalling, control systems, and related logistics assets; and

3.4. Collaboration arrangements with customers through the amendment to the existing commercial agreements with customers that aim to mitigate revenue risk, improve service delivery, or ensure asset safety.

3.5. All customer collaboration initiatives shall be effected either through an amendment to the existing commercial contract between Transnet and its customer(s), where applicable, or through the inclusion of appropriate collaboration clauses in new commercial contracts.

3.6. This policy applies to all strategic and operational customers, both existing and potential, who access services provided by Transnet's Operating Divisions.

4. POLICY STATEMENT

4.1. Transnet shall establish and implement customer collaboration initiatives that are purely commercial in nature, emanate from existing customer contracts, and do not involve the sourcing or procurement of goods or services by Transnet. Accordingly, such initiatives do not trigger the application of Transnet's Supply Chain Management Policy and related procurement prescripts. All customer collaboration initiatives shall be governed by formal commercial agreements and remain subject to appropriate governance, risk management, and oversight arrangements.

4.2. Customer collaboration initiatives shall be implemented in a manner that ensures openness, fairness, and transparency; avoids market exclusion and anti-competitive conduct; and protects Transnet's statutory mandate as custodian of the national freight logistics infrastructure.

4.3. All customer collaboration initiatives implemented under this Policy shall be:

4.3.1. targeted, time-bound and project-specific, and do not constitute a permanent outsourcing of Transnet's responsibilities or create ongoing entitlements.

4.3.2. initiated by a customer or group of customers;

4.3.3. supported by an approved business case demonstrating the operational rationale, commercial justification, technical feasibility, and measurable benefits.

4.3.4. be evaluated on a case-by-case basis by the relevant Transnet investment governance structure, considering technical standards, risk profile, funding arrangements, and proposed reimbursement or cost-recovery mechanisms, as well as the broader economic impact, to ensure value for money, financial affordability, effective risk management, and the protection of Transnet's financial sustainability and assets.

4.4. Approved collaboration interventions include:

4.4.1. indirect financial assistance from customers to support execution;

4.4.2. upgrades or repairs to physical infrastructure carried out by customers and subsequently transferred to Transnet; and

4.4.3. upgrades, repairs, or additions to rolling stock, port handling equipment, and other operational assets by customers.

4.5. All collaboration agreements concluded under this Policy shall specify a defined duration, renewal conditions (if any), and clear termination rights, including termination for non-performance, breach, or public-interest considerations.

4.6. Transnet commits to ensuring that:

4.6.1. the principle of "value for money" governs all customer collaboration initiatives;

4.6.2. no collaboration arrangement shall result in the transfer of ownership, management rights, operating rights, concession rights, lien, suretyship, nor provide guarantees, or preferential treatment in respect of Transnet's assets; and

4.6.3. no collaboration arrangement shall result in the creation of exclusive-use rights or financial indemnities in favour of third parties, whether on a permanent or fixed-term basis.

4.6.4. Collaboration initiatives will seek to promote sustainability and transformation by embedding environmental, social and governance.

5. NATURE, SCOPE AND DURATION OF CUSTOMER COLLABORATION

5.1. Customer collaboration initiatives shall, as a default, be structured as once-off, project-specific interventions with a clearly defined scope, value, and duration. Multi-year or recurring collaboration arrangements may be considered only where objectively justified by asset life cycle or maintenance cycle requirements and shall be subject to defined financial, operational, and temporal limits, as well as higher approval thresholds in accordance with the Transnet Delegation of Authority Framework.

6. COLLABORATION PRINCIPLES

6.1. All collaboration agreements concluded under this policy shall be governed by a set of principles designed to ensure fairness, transparency, and alignment with both national legislation and global best practice. These principles include:

6.1.1. **Transparency, Fair Participation and Accountability**

Transnet shall ensure that the selection of customers for collaboration initiatives is fair, transparent, objective, and defensible, and conducted in compliance with section 217 of the Constitution, the Competition Act, and all applicable legislation. Collaboration initiatives shall promote transparency and accountability through clear disclosure of financial contributions, reimbursement mechanisms, risk allocation, and any benefits to participating customers, subject to approval and oversight by Transnet's delegated authority and governance structures. Where appropriate, customer selection shall be supported by an open Expression of Interest process, based on objective and documented criteria aligned to operational requirements, capacity impact, and value-for-money considerations.

6.1.2. **Value for Money**

Each collaboration initiative must demonstrate measurable operational, commercial, and economic benefits for Transnet and the broader economy, ensuring that collaboration does not distort pricing, create dependency, or undermine competition.

6.1.3. **Lifecycle Asset Management and Ownership**

All customer collaboration initiatives shall comply with Transnet's Asset Management Policy, ensuring that long-term maintenance, operational efficiency, and cost implications are fully considered during project planning. Transnet shall retain full ownership of all assets, including any enhancements arising from collaboration initiatives, and shall maintain its statutory responsibility for asset maintenance. Customer-funded maintenance interventions shall be exceptional, supplementary, and subject to defined thresholds and approval by the relevant governance structures.

Where customer-led works are undertaken, collaboration agreements shall explicitly define liability allocation, defect rectification obligations, and warranty provisions, aligned with Transnet engineering standards and enforceable against the customer or its contractors.

6.1.4. **Technical, Legislative Requirements and Standards**

All collaboration initiatives must be executed in line with technical requirements as well as all applicable laws and standards. For instance, the Construction Industry Development Board (CIDB) legislation will be applicable to the execution of a construction related project.

6.1.5. **Shared Risk and Responsibility**

Customers contributing to collaborative projects will share risks with Transnet. Operational execution of the collaborative initiative shall be the responsibility of the customer, while ownership of assets, including any enhancements and increases in value, shall remain vested in Transnet.

6.1.6. **Broader Economic Value**
Transnet will encourage customer collaborations that contribute to national development objectives, including protecting export revenues, enabling industrial competitiveness, supporting job creation, and ensuring environmental and community benefits where applicable.

7. GOVERNANCE

7.1. Approval and Oversight:

7.1.1. All collaboration initiatives shall be evaluated and approved in accordance with Transnet's Delegation of Authority and shall be subject to oversight by the relevant Transnet Investment Committees or other applicable governance structures.

7.1.2. Collaboration initiatives shall be subject to robust governance safeguards, including:
- Mandatory declarations of interest;
- Probity assessments where risk or value thresholds are exceeded; and
- Periodic audits to confirm compliance with legal, policy, and competition law requirements.

8. ROLES AND RESPONSIBILITIES

8.1. **The Customer**
The customer plays a critical role in the Customer Collaboration Policy by initiating, supporting, and actively participating in initiatives that enhance Transnet's operational capacity, efficiency, and reliability. Customer involvement ensures that proposed initiatives are feasible, adequately resourced, aligned with Transnet standards, and executed with transparency, accountability, and adherence to agreed reporting obligations.

8.2. **Operating Divisions (ODs)**
Operating Divisions are responsible for developing collaboration proposals, ensuring alignment with Transnet standards, contractual obligations, and KPIs; coordinating across commercial, operations, finance, and engineering teams; monitoring and reporting progress to the Operational Oversight Committee; and escalating risks as necessary.

8.3. **Group Functions (Finance, Internal Audit, Legal)**
Group Finance, Internal Audit, and Group Legal provide assurance over financial, legal, audit, and engineering compliance or standards.

8.4. **Investment Committees**

Transnet Investment Committees, at both Group and OD levels, serve as the primary evaluation forum for all proposed collaboration initiatives. They assess proposals for technical compliance, risk management, financial sustainability, and alignment with national freight logistics objectives. They also review reimbursement and repayment mechanisms to safeguard Transnet's financial viability and asset integrity and provide recommendations to the delegated authority for final approval.

8.5. **Operational Oversight Committee**

An Operational Oversight Committee (OOC), comprising Transnet and customer representatives, shall be established for each collaboration initiative. The OOC shall oversee execution; monitor compliance; manage disputes; and validate financial and technical performance. In performing its role, the Committee shall ensure that collaboration initiatives do not create exclusive supplier dependencies, lock-in arrangements, or indirectly circumvent Transnet's supply chain management and procurement principles. The OOC shall report directly to the Group Executive Committee.

8.6. **Finance and Investment Committee**

The Finance and Investment Committee shall maintain oversight by receiving quarterly reports from Group Exco and providing summary reports to the Board. Agreements with significant strategic or financial impact must also be reported to the Shareholder.

8.7. **Board**

The Board retains ultimate oversight of collaboration initiatives concluded under this Policy.

9. SET-OFF, REPAYMENT, AND FINANCIAL SAFEGUARDS

9.1. Repayment, reimbursement, or set-off mechanisms shall be structured to ensure transparency, affordability, and long-term financial sustainability; shall be negotiated with the customer; and shall be approved in accordance with Transnet's Delegation of Authority. Such arrangements shall not adversely affect Transnet's financial sustainability, nor constitute, create, or be construed as loans, guarantees, indemnities, or any form of direct or contingent debt obligation. Furthermore, these mechanisms shall not result in the transfer of ownership, operating rights, or exclusive use of Transnet assets.

9.2. All cost recovery or reimbursement shall be based strictly on documented actual costs incurred, with no profit or margin permitted, and shall be subject to appropriate audit and verification processes.

9.3. Collaboration initiatives implemented under this Policy shall be subject to robust financial safeguards to ensure transparency, regulatory compliance, and financial sustainability. The following principles shall apply:

9.3.1. **Refund Calculation**: Refunds or cost recovery shall be based strictly on documented actual costs incurred, with no margins or profit mark-ups permitted.

9.3.2. **Repayment Timelines**: Any refund or recovery obligation must be time-bound, with clear repayment schedules agreed upfront and subject to continuous monitoring.

9.3.3. **Prohibition of Debt Instruments**: Customer contributions shall not be structured or interpreted as loans, guarantees, or other debt instruments that would classify as financial indebtedness under the PFMA or related legislation.

9.3.4. **Audit and Assurance**: All customer initiatives are subject to internal audit review, with external audit applied where thresholds or risk profiles warrant it. Results must be reported to the Audit Committee, FIC, and Board.

10. FINANCIAL IMPLICATIONS

10.1. Each Operating Division shall make budgetary provisioning for costs related to implementation of this policy.

11. EXCLUSIONS

11.1. There are no exclusions to this Policy in so far as it applies to Customer Collaboration Policy initiatives.

12. INTEGRATED RISK MANAGEMENT

12.1. Transnet has adopted the Enterprise Risk Management (ERM) methodology in managing risks within Joint Funding and Collaboration. The Group Chief Operations Officer will ensure continuous identification, assessment, mitigation and management of risks in order to deliver on its mandate.

13. ASSURANCE

13.1. Transnet shall apply a combined assurance approach across Joint Private Sector Investments, using both proactive and reactive assurance approaches, which shall be carried out by the first, second and third line (internal and external) assurance providers, in response to the company’s current and emerging risks.

14. COMPLIANCE AND MONITORING

14.1. This policy shall only be changed with the authorisation of the Board of Directors and in accordance with the Change Control Policy Document.

14.2. This policy shall be reviewed in line with the Group Policy Framework and a report submitted to the relevant governance structure for approval and noting.

15. NON-COMPLIANCE

15.1. Breaches of this policy will be seen in a very serious light. Employees who do not conform to the Policy or Principles and Standards may be subject to disciplinary action in terms of the applicable Transnet disciplinary processes and procedures.

15.2. The Human Resources (labour relations) Policies shall provide detailed procedures for all non-conformance and non-compliance of relevant legislation, regulations, and this policy. Consequence management including, but not limited to, investigations, warnings, suspensions, and dismissal may be initiated.

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

16. EFFECTIVE DATE

16.1. This Policy shall take effect on the date approved by the Transnet Board of Directors.

17. RELATED INFORMATION AND REFERENCE

Internal Documents:

This Policy should be read in conjunction with the following supporting policies:

17.1. Relevant Terms of Reference documents
17.2. ESD Policy
17.3. Group Compliance Policy

Legislative Framework

Transnet recognises the importance of complying with all applicable regulatory requirements as reflected in the Transnet regulatory universe. Specific reference is made to the following legislation and related regulations (as amended) with which Transnet's Joint Private Sector Investments shall comply, to the extent required by law:

17.4. Constitution of the Republic of South Africa, 1996 ("the Constitution");
17.5. Public Finance Management Act (PFMA);
17.6. Competition Act 89 of 1998;
17.7. Finance Intelligence Centre Act;
17.8. Prevention and Combating of Corrupt Activities Act 12 of 2004;
17.9. Promotion of Access to Information Act 2 of 2000 ("PAIA");
17.10. Protection of Personal Information Act 4 of 2013 ("POPIA");
17.11. Promotion of Administrative Justice Act 3 of 2000 ("PAJA");
17.12. Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000;
17.13. Construction Industry Development Board Act 38 of 2000 ("CIDB"); and
17.14. Any other legislation applicable to Transnet Joint Private Sector Investments Activities.

Where any conflict exists between the laws of South Africa applicable to Transnet and this policy and related documents, the laws of South Africa applicable to Transnet shall apply.