

26 March 2020

MEMO TO ALL TRANSNET CUSTOMERS.

RE: CAUTIONARY NOTICE OF POTENTIAL FORCE MAJEURE

As you may be aware, President Cyril Ramaphosa, on Monday 23rd March 2020, declared that the country would enter a state of lockdown from midnight on Thursday 26 March 2020.

From this point, all citizens, excluding essential and emergency personnel, will be obliged to remain at home for 21 days, leaving only to access food supplies, medicine and/or medical care (essential products). The lockdown is expected to continue until midnight on Thursday 16 April 2020.

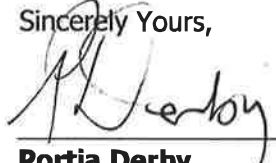
As Transnet, our primary concern continues to be the health and safety of our employees and the local communities in which we live and work. In this regard and in direct response to the Presidents call and declaration, Transnet has taken a decision to suspend all non-essential activities during the lockdown.

In order to minimise the negative impact of the lockdown to our customers that may result from any take-or-pay contracts, we have directed our Transnet Commodity Managers to engage with their respective customers. This will ensure that contractual *Force Majeure* and *Hardship* provisions are invoked and appropriate measures are put in place for the duration of the state lockdown.

Notwithstanding the shutdown, our dedicated team of Commodity Managers and Support Staff will, during this period, be working online to provide support and updates to ensure that remedial plans are put in place to deal on a real time basis with any challenges that may arise during, and as a result of the lockdown.

The well-being of our employees, their families, and our communities is our priority, and as such their safety will not be compromised during this lockdown. So let us work together during this unprecedented time, so that we may come out of this better aligned as a company, with you, our customers and as fellow citizens.

Sincerely Yours,



26/03/2020

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26 March 2020

Dear Valued Customer

APPLICATION OF THE COVID-19 LOCKDOWN – PROACTIVE MEASURES TO ENSURE THROUGHPUT OF ESSENTIAL SERVICES 26 MARCH – 16 APRIL 2020

In support of the announcement of the nation-wide lockdown by President Cyril Ramaphosa due to the COVID-19 pandemic, Transnet remains committed to rendering essential services for the efficient functioning of our economy.

As Transnet, our primary concern continues to be the health and safety of our employees and the local communities in which we live and work.

In this regard and in direct response to the Presidents' call and declaration, Transnet has taken a decision to scale down all of its transportation services and operations for non-essential cargo during the period of the state of lockdown.

The nationally declared lockdown takes effect on Thursday 26 March 2020 at 23H59.

Subsequent to the Presidents' declaration of the lockdown, various Ministers have elaborated and clarified how the lockdown will work in practice. Transnet has taken note of this and wishes to inform customers of the measures that will be implemented by the respective Operating Divisions, to ensure that critical business continuity services are supported in the best interests of South Africa.

We request that customers who have received approval from government Ministries to immediately inform your respective Transnet account executive team, to ensure the necessary requirements are met and to plan accordingly.

With this in mind, a review of our service operations for the next 21 days is as follows, should no further changes occur as per date of this communique:

TRANSNET PORT TERMINALS (TPT):

a. Bulk, Break bulk and automotive

1. In order to remain open to support the essential services, whilst still reducing exposure between our staff and others, TPT will operate on a reduced staff basis:

The following will be implemented:

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- 1.1 Operations at all Bulk Terminals (mineral mining commodities) will be scheduled as per demand from mining customers, subject to approval by Department Public of Enterprises.
- 1.2 Mining customers will also have to receive approval from the Department of Mineral Resources, based on their applications to the Minister.
- 1.3 Should approval be obtained, TPT will request employees in the relevant bulk terminals to return to work to enable the export of these commodities. In line with the Minister's directive, we will require that all employees in these terminals provide their supervisors with their contact details so that we may mobilise the necessary teams as and when required.
- 1.4 Agri-Bulk products (grains, soya bean meal, fertiliser and woodchips) deemed an essential service will operate on a single berth operation at East London, Richards Bay and Durban Agri terminals.
- 1.5 The following Breakbulk Terminals (MPT's) will operate on a single berth operation in order to handle essential breakbulk goods and containers: Cape Town MPT, Richards Bay MPT and Durban Point MPT.
- 1.6 East London MPT, Saldanha MPT, Port Elizabeth MPT and Maydon Wharf MPT will be closed.
- 1.7 All Automotive/RO-RO terminals will be closed.

2. Essential services, as defined by the Government of South Africa, will be prioritised by TPT.

This will include:

- 2.1. Facilitating imports and exports of essential goods as per recommendation.
- 2.2. Prioritising essential goods over non-essential goods.
- 2.3. Each vessel will be required to provide a mandatory import evacuation plan prior to berthing, to maintain fluidity during this period. This plan must be honoured in order to avoid the severe consequence of the terminal being blocked out.
- 2.4. We require all clearance and assignment of containers prior to berthing. It will remain the responsibility of the shipping line to evacuate said containers to a suitable facility.
- 2.5. TPT reserves the right not to berth a vessel should these requirements not be met.
- 2.6. TPT reserves the right to prioritise the berthing of vessels on a first planned, first served basis in all terminals. However, TPT also reserves the right in its sole discretion, to change the order of berthing in order to prioritise the handling of essential goods.
- 2.7. The acceptance of export intents on rail will only be allowed if they can be physically exported through the applicable terminal for essential goods.
- 2.8. Reefer containers will continue to be prioritised over non-essential exports.

b. **Containers**

1. In order to remain open to support the essential services, whilst still reducing exposure between our staff and others, TPT will operate on a reduced staff basis.

The initiatives that will be implemented include:

- 1.1. Durban Container Terminals (DCT) Pier 2, operating staff will be reduced to two berths.
 - 1.2. DCT Pier 1, Ngqura Container Terminal (NCT), Port Elizabeth Container Terminal (PECT) and Cape Town Container Terminal (CTCT) will all operate on a single berth operation with approximately half of the current staff compliment.
 - 1.3. Cape Town Multi-Purpose Terminal (CTMPT) will handle containers on a single berth.
 - 1.4. Durban Point will operate on a single berth for both containers and essential break bulk goods.
 - 1.5. East London will not handle containers during this period.
2. Essential services, as defined by the Government of South Africa, will be prioritised by TPT.

This will include:

- 2.1. TPT will continue to facilitate imports and exports of containers as allowed. Transhipments will be handled on an exception basis only with prior approval from TPT.
- 2.2. Essential containers will be prioritised over non-essential containers. As such we discourage any non-essential containers during this period (for example empty GP containers, mineral containers etc.).
- 2.3. Each vessel will be required to provide a mandatory import evacuation plan prior to berthing, to maintain stack fluidity during this period. This plan must be honoured in order to avoid the severe consequence of the terminal being blocked out during this period.
- 2.4. We require all clearance and assignment of containers prior to berthing. It will remain the responsibility of the shipping line to evacuate said containers to a suitable facility within the free period.
- 2.5. TPT reserves the right not to berth a vessel should these requirements not be met. TPT reserves the right to prioritise the berthing of vessels on a first planned, first served basis in all terminals (in line with the declaration of Force Majeure, the CTOC berthing windows will not apply during this period). However, TPT also reserves the right in its sole discretion, to change the order of berthing in order to prioritise the handling of essential containers.

- 2.6. Landside, inclusive of rail, will remain open during this period, albeit on a reduced resource basis. During this time, DCT Pier 2 will operate a mandatory truck appointment system for all containers.
 - 2.7. The acceptance of export intents on rail will only be allowed if they can be physically exported through the applicable terminal.
 - 2.8. Reefer containers will continue to be prioritised over non-essential exports.
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3. Some of the containers which will be imported may be for cargo owners who have temporarily ceased operations during this period and cannot receive the container. In this case, it is the responsibility of the shipping line/freight forwarder to move these containers to a depot or bonded warehouse within the free period.

TRANSNET FREIGHT RAIL (TFR):

Rail service operations during the crisis will be provided under four (4) service levels (categorized based on the basis of criticality to support the essential services). The categories are as follows:

1. Essential services

- Fuel; containers; timber; chemical products; agricultural products; coal for hospitals & power generation; and the Phelophepa (Health train).
- Will be serviced via Natcor (Rand to Durban); Capecor (Rand to Cape Town via Beaconsfield) and Rand to Port Elizabeth (Coega via Bloemfontein and Beaconsfield).
- The following **container terminals** will be operational for the duration of the lockdown:
 - City Deep Terminal – day shift only for 7 days per week
 - Kascon, Pretcon and Belcon will be opened during the week only, Monday to Friday
 - The operating hours are subject to review as TFR firms up operational plans with the various industry partners
 - The following terminals will be closed: Vaalcon, Bayhead, Catcon, Lohatla, Bloemcon, Deal Party, Kaalfontein and Isipingo

2. Enabling products

- Coal to RBCT (Richards Bay Coal Terminal); limestone for water purification & power generation; soda ash and salt.
- Will be serviced via Coalline (Ogies to Richards Bay) and Centracor (Mafikeng to

Rand)

3. Commodities to neighboring countries and strategic partners

- Flows to and from Botswana; Zimbabwe; Maputo; Lesotho and Swaziland will continue.

These will be serviced through;

- Swaziland (Durban – Richards Bay – Golela);
- Botswana (Rand – Mahikeng – Botswana);
- Zimbabwe (Rand – Pyramid – Polokwane) and;
- Lesotho (Bloemfontein – Maseru)

4. Non-essential services

- Services earmarked to be halted during the lockdown (movement of rolling stock, etc.)
- Stopped with immediate effect

5. The following en-route trains have been prioritised based on their loads for reaching their destination prior to or during the lockdown:

- High value trains;
 - Perishables; and
 - Sensitive products (Hazardous).
6. All other trains that do not meet the aforementioned criteria will be staged en route in areas pre-identified by the Operations team. Security will be deployed to ensure the safe keeping of the trains and its loads whilst staged.
 7. All other TFR operational areas not part of the essential service train operation will be closed down until the 16th of April 2020.
 8. More information will be shared when the Integrated Train Plan (ITP) has been finalised for implementation.

TRANSNET NATIONAL PORTS AUTHORITY (TNPA):

The South African Ports under the management of TNPA will remain open in order to facilitate the import and export of essential products. However, it should be noted that the ports will be operating with a limited service offering as per the various ports' Business Continuity Plans.

TNPA has identified critical essential services that are required for continued movement of cargo in South African ports that will not be on lockdown.

These include:

1. Operational Services

- Port Control which is responsible for the safety of navigation of vessels,
- Maritime services – limited services as per the Ports BCP plans
- Port Control will be manned 24/7.

2. Safety and Security Services

The Security Services (including the outsourced security personnel) are required for full access control in points of entry/exit determined for that purpose and vessel clearance. Security will be required 24/7.

3. Safety Health Environment (SHE) Operations

For the SHE environment, only the Clinics and Fire Services will be onsite.

4. Support for critical essential services - Operations

The ports will endeavour to limit disruptions to overall business. Support Services staff will be working from home.

5. Safety and Security measures

All safety and security measures are detailed in Legislative Directives, Regulations as well as written Directives issued by the Harbour Master and the Authority. It is noted that verbal instructions can be issued by the Harbour Master as and when the situation dictates.

TRANSNET PIPELINES (TPL):

A Task Committee has been formed to deal with issues related to the Coronavirus. This Committee meets on a daily basis to deal with day to day controls and mitigations. We would like to assure you that based on its plans TPL expects, there will be minimal impact on the security of supply.

To this effect, the following measures have been implemented:

- The biggest depots (Alrode, Waltloo, Witbank) will be prioritised.
- No increase of orders will be allowed as there is available stock in Jameson Park terminal in Heidelberg.
- Changes and cuts to orders must be communicated at 10h00 every morning.
- If an order can't be taken, the volume will be cut automatically from injection.
- All claims will be deferred to after the lockdown.
- Kroonstad will only be delivering every second week.

- All support services have staff on standby in the event of a defect or break down occurring.
- All security will remain unchanged, including the depot and task team

The following mitigating measures will be implemented:

- Should there be a confirmed case of COVID19 at a depot where only one shift has been exposed to the person infected, the depot will be shut down for a period of 24 hours during which cleaning of the facility will be done and a shift brought on that has not been exposed to the affected person.
- Should all of the shifts be exposed to the infected individual, teams from other less critical depots will be brought in to operate the respective depot.

For those clients that have staff at TPL premises, Transnet will provide fixed sanitisers at the respective sites as well as disinfecting wipes for shared equipment.

In order to ensure uninterrupted business efficiency, our dedicated team of commodity, customer and service managers and support staff will, during this period, will be working from home, with access to the internet to provide support and updates with a view to ensure that remedial plans are put in place to endeavor that both Transnet and the affected customers are able to catch-up at the end to the lockdown period.

These measures will apply from 22h00 on 26 March 2020 until 06h00 on 17 April 2020. We reserve the right to immediately change the application of the above rulings as the need permits.

These are unprecedented times not only for our company, but for the country as a whole. As responsible citizens, I have no doubt that we all remain committed to ensuring that we are able to support Government's efforts to contain the pandemic.

Let us work together through these difficult times so that we may come out this better aligned as a company, with you, our customers and as fellow citizens.

Sincerely Yours,



Portia Derby

Group Chief Executive: Transnet SOC Limited

Date: 26/03/2020