



Dear Colleagues

The global economic growth outlook has weakened in recent months, led by a sharp slowdown in developing countries. The outlook for the South African economy has also deteriorated and Transnet is severely impacted as a result of the challenging economic conditions with a poor forecast of improvement any time soon. To ensure the long-term sustainability of the business, Transnet is currently considering several options to address the low levels of activity and the impact of the economic downturn.

Transnet is introducing the **Voluntary Severance Package (VSP)** option for bargaining unit employees, with effect from **22 March 2017 to 14 April 2017**. The applications will be considered and you will receive feedback on the outcome of your application by no later than Tuesday, 25 April 2017.

All permanent bargaining unit employees are eligible to apply, except for those employees who will be 60 years of age and older on 31 March 2017. Employees who are currently facing disciplinary action, are not eligible to apply for a VSP.

The VSP value will be calculated on your annual cost to company (level G) and annual pensionable salary (grade levels H to L) as at 31 March 2017, summarised as follows:

- Bargaining unit employees with more than 10 years of completed service will receive one year's salary as a severance package;
- Bargaining unit employees with less than 10 years of completed service, will receive a package that is a pro-rated value of their annual salary;
- Bargaining unit employees who opt to take a VSP, will be eligible for the negotiated salary increase which will be implemented 1 April 2017;
- If any Short-Term Incentive is payable for the 2016/17 financial year, bargaining unit employees will qualify for a payment as per the Ground Rules of the Scheme; and
- Retirement / pension benefits will be paid out according to the rules of the respective funds.

All eligible bargaining unit employees will receive a personalised statement with their severance package benefit value.

This statement can be obtained from 22 March 2017 and will include all the relevant process information:

- Any Human Resources Office closest to where the employee is based (e.g. if you are a TFR employee and only TE has an HR Office in your area, you will be able to obtain your statement from the TE HR Office and they will assist you with the process); or

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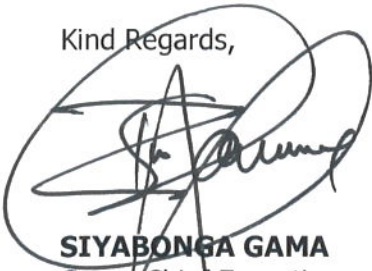
Siyabonga Gama, **Group Chief Executive**

- Employee Self Service (ESS) option on SAP by 22 March 2017. If you want to apply, click the YES button, print the application, complete, sign and submit to the e-mail address, VSP@transnet.net.

The VSP process is completely voluntary and the approval of any voluntary severance packages will be considered in line with business and operational requirements. Transnet has the right to refuse a voluntary severance package application, based on the retention of skills which Transnet may require in line with its evolution.

If you have any questions, it can be directed to the special e-mail address (VSP@transnet.net) or call the call centre number (011 774 0009) for assistance.

Kind Regards,



SIYABONGA GAMA

Group Chief Executive

Date: 24.7.2017

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